

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4193. By Mr. CASE of South Dakota: Resolution of the South Dakota State Medical Association, adopted at Aberdeen, S. Dak., on April 24, 1939, petitioning the Congress for the funds necessary for a new and adequate building for the Army Medical Library and Museum; to the Committee on Appropriations.

4194. By Mr. CURLEY: Petition of the New York Board of Trade, Inc., in support of Senate bill 1871, the Hatch bill, to prevent pernicious political activities; to the Committee on the Judiciary.

4195. By Mr. HAWKS: Petition of sundry residents of Waukesha County, Wis., opposing the proposed amendments to the Marketing Agreement Act; to the Committee on Agriculture.

4196. By Mr. KEOGH: Petition of the Grand Lodge, Brotherhood of Railroad Trainmen, Cleveland, Ohio, favoring the President's recommendation for a \$3,860,000,000 recovery fund; to the Committee on Appropriations.

4197. Also, petition of the W. E. Long Co., Chicago, Ill., concerning the existing National Labor Relations Act; to the Committee on Labor.

4198. Also, petition of Jacob Elishewitz & Sons, Inc., New York City, concerning the Norton bill (H. R. 5435) to amend the Fair Labor Standards Act of 1938; to the Committee on Labor.

4199. Also, petition of the American Federation of Housing Authorities, Washington, D. C., favoring the passage of Senate bill 591; to the Committee on Banking and Currency.

4200. Also, petition of the Joint Conference on Retirement, Washington, D. C., favoring the passage of Senate bill 281; to the Committee on the Civil Service.

4201. Also, petition of the Internal Revenue Local, No. 47, United Workers, concerning the Dempsey bill (H. R. 4960), the Hobbs bill (H. R. 5643), the Smith bill (H. R. 5133), and the Reynolds bills (S. 403 and S. 410); to the Committee on the Judiciary.

4202. By Mr. PFEIFER: Petition of the Jacob Elishewitz & Sons Co., Inc., New York City, concerning the Norton bill (H. R. 5435), to amend the Fair Labor Standards Act of 1938; to the Committee on Labor.

4203. Also, petition of the American Federation of Housing Authorities, Washington, D. C., endorsing Senate bill 591; to the Committee on Banking and Currency.

SENATE

TUESDAY, JULY 11, 1939

(Legislative day of Monday, July 10, 1939)

The Senate met at 12 o'clock meridian on the expiration of the recess.

The Chaplain, Rev. Z. Barney T. Phillips, D. D., offered the following prayer:

O God, who hast formed all hearts to love Thee and hast created all desire to be unsatisfied save in Thee, bless, we humbly beseech Thee, the multitudes of men who are confused and sore within, who long for love and friendship but feel that no one cares for them, and who see life only as a tragedy, brackish with the salt of human tears. Take Thou their trembling hands in Thine and lead them through the shadowland into the brightness of Thy light.

Upon Thy servants here bestow Thine especial gifts of wisdom and understanding, that, with pure hearts and minds, they may solve these problems that confront them, with their tangled, changing worth, to the lasting benefit of our own people and to the amelioration of all the troubles of the world, as by faith we feel after Thee, as through love we find the way, and as in hope we bring ourselves to Thee. We ask it for the sake of Jesus Christ, our Lord. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the calendar days Friday, July 7, 1939, and Monday, July 10, 1939, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Ellender	Lee	Schwellenbach
Andrews	Frazier	Lodge	Sheppard
Austin	George	Logan	Shipstead
Barbour	Gerry	Lucas	Slattery
Barkley	Gibson	Lundeen	Smith
Bilbo	Gillette	McKellar	Stewart
Bone	Glass	McNary	Taft
Borah	Green	Maloney	Thomas, Okla.
Bridges	Guffey	Mead	Thomas, Utah
Bulow	Gurney	Miller	Townsend
Burke	Hale	Minton	Truman
Byrd	Harrison	Murray	Tydings
Byrnes	Hatch	Neely	Vandenberg
Capper	Hayden	Norris	Van Nuys
Chavez	Herring	Nye	Wagner
Clark, Idaho	Hill	O'Mahoney	Walsh
Clark, Mo.	Holman	Overton	Wheeler
Connally	Holt	Pittman	White
Danaher	Johnson, Calif.	Radcliffe	Wiley
Davis	Johnson, Colo.	Reed	
Donahay	King	Reynolds	
Downey	La Follette	Schwartz	

Mr. MINTON. I announce that the Senator from Arizona [Mr. ASHURST] and the Senator from New Jersey [Mr. SMATHERS] are detained from the Senate because of illness in their families.

The Senator from North Carolina [Mr. BAILEY], the Senator from Alabama [Mr. BANKHEAD], the Senator from Michigan [Mr. BROWN], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Delaware [Mr. HUGHES], the Senator from Nevada [Mr. McCARRAN], and the Senator from Florida [Mr. PEPPER] are absent on important public business.

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE—ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the Speaker pro tempore had affixed his signature to the following enrolled bills and joint resolutions, and they were signed by the Vice President:

- S. 12. An act for the relief of Dica Perkins;
- S. 129. An act for the relief of Howard Arthur Beswick;
- S. 216. An act for the relief of A. C. Williams, administrator of the estate of his wife, Julia F. Williams;
- S. 221. An act for the relief of Anthony Coniglio;
- S. 431. An act for the relief of Mrs. Quitman Smith;
- S. 510. An act to authorize certain officers and enlisted men of the United States Army to accept such medals, orders, and decorations as have been tendered them by foreign governments in appreciation of services rendered;
- S. 556. An act for the relief of Catherine Humler;
- S. 633. An act for the relief of Ray Wimmer;
- S. 661. An act for the relief of Ida A. Deaver;
- S. 681. An act to give proper recognition to the distinguished services of Col. Ernest Graves;
- S. 746. An act to authorize Maj. Andrew S. Rowan, United States Army, retired, to accept the Order Carlos Manuel de Céspedes tendered him by the Government of Cuba in appreciation of services rendered;
- S. 840. An act to amend and clarify the provisions of the act of June 15, 1936 (49 Stat. 1507), and for other purposes;
- S. 875. An act for the relief of Andrew J. Crockett and Walter Crockett;

S. 884. An act for the relief of disbursing officers and other officers and employees of the United States for disallowances and charges on account of airplane travel;

S. 1001. An act for the relief of Albert Pina Afonso, a minor;

S. 1018. An act to authorize the procurement, without advertising, of certain aircraft parts and instruments or aeronautical accessories, and for other purposes;

S. 1020. An act to authorize the purchase of equipment and supplies for experimental and test purposes;

S. 1021. An act to extend the benefits of the United States Employees' Compensation Act to members of the Officers' Reserve Corps and of the Enlisted Reserve Corps of the Army who are physically injured in line of duty while performing active duty or engaged in authorized training, and for other purposes;

S. 1109. An act to amend the act entitled "An act to aid the several States in making, or for having made, certain toll bridges on the system of Federal-aid highways free bridges, and for other purposes," by providing that funds available under such act may be used to match regular and secondary Federal-aid road funds, and for other purposes;

S. 1118. An act to provide for acceptance and cashing of Government pay checks of retired naval personnel and members of the Naval and Marine Corps Reserves by commissary stores and ship's stores ashore located outside the continental limits of the United States;

S. 1181. An act to provide for the status of warrant officers and of enlisted men of the Regular Army who serve as commissioned officers;

S. 1186. An act for the relief of Herbert M. Snapp;

S. 1291. An act for the relief of William Carl Laude;

S. 1307. An act authorizing the Secretary of War to grant a revocable license to the Union Pacific Railroad Co. to maintain certain railroad trackage on the Fort Leavenworth Military Reservation;

S. 1385. An act for the relief of the Barkman Lumber Co.;

S. 1387. An act for the relief of Ida May Lennon;

S. 1452. An act for the relief of Loyd J. Palmer;

S. 1487. An act for the relief of the Postal Telegraph-Cable Co.;

S. 1517. An act for the relief of F. E. Perkins;

S. 1523. An act to authorize the payment of burial expenses and expenses in connection with last illness and death of native employees who die while serving in offices abroad of executive departments of the United States Government;

S. 1629. An act for the relief of the Canvas Decoy Co.;

S. 1692. An act for the relief of J. Vernon Phillips;

S. 1778. An act authorizing the Secretary of the Interior to issue to Martha Austin a patent to certain land;

S. 1847. An act for the relief of Naomi Straley and Bonnie Straley;

S. 1894. An act for the relief of Ivan Charles Grace;

S. 1895. An act for the relief of Maria Enriquez, Crisanta, Anselmo, Agustin, and Irineo de los Reyes;

S. 1907. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Poplar, Mont.;

S. 2096. An act to amend section 4a of the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916, as amended;

S. 2126. An act authorizing the Comptroller General of the United States to adjust and settle the claim of E. Devlin, Inc.;

S. 2167. An act to provide for the reimbursement of certain members or former members of the United States Coast Guard for the value of personal effects lost in the hurricane of September 21, 1938, at several Coast Guard stations on the coasts of New York, Connecticut, and Rhode Island;

S. 2197. An act authorizing Federal participation in the commemoration and observance of the four hundredth anniversary of the explorations of Francisco Vazquez de Coronado;

S. 2222. An act to provide for a Deputy Chief of Staff, and for other purposes;

S. 2237. An act to amend the Taylor Grazing Act;

S. 2353. An act to authorize appropriation for the construction of a medical school building at Carlisle Barracks, Pa.;

S. 2503. An act to amend an act entitled "An act to authorize the establishment of a permanent instruction staff at the United States Coast Guard Academy," approved April 16, 1937;

S. 2539. An act to amend section 1223 of the Revised Statutes of the United States;

S. J. Res. 2. Joint resolution providing for consideration of a recommendation for decoration of Sgt. Fred W. Stockham, deceased;

S. J. Res. 124. Joint resolution authorizing the President to invite foreign countries to participate in the San Diego-Cabrillo Quadricentennial Celebration to be held in 1942; and

S. J. Res. 126. Joint resolution to amend the act to authorize alterations and repairs to certain naval vessels, and for other purposes, approved April 20, 1939.

INDEPENDENCE DAY FELICITATIONS FROM SENATE OF CHILE

The VICE PRESIDENT laid before the Senate a cablegram dated July 4, 1939, from the Senate of Chile, signed by its president and secretary, unanimously congratulating the Senate of the United States on the occasion of the national anniversary of the independence of the United States, which was ordered to lie on the table.

GRADING AND CLASSIFICATION OF CLERKS IN THE FOREIGN SERVICE

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read and, with the accompanying papers, referred to the Committee on Foreign Relations:

To the Congress of the United States of America:

I commend to the favorable consideration of the Congress the enclosed report from the Secretary of State and the accompanying draft of proposed legislation to amend the act entitled "An act for the grading and classification of clerks in the Foreign Service of the United States of America, and providing compensation therefor," approved February 23, 1931.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, July 11, 1939.

[Enclosures: Report of Secretary of State with enclosures as listed.]

INSPECTIONAL FACILITIES AT INTERNATIONAL TOLL BRIDGES AND TUNNELS

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Treasury, transmitting a draft of proposed legislation to require owners or operators of international toll bridges and tunnels to provide and maintain free and adequate inspectional facilities for Federal agencies stationed at such bridges and tunnels for the purpose of supervising and regulating commerce with foreign nations, which, with the accompanying papers, was referred to the Committee on Finance.

LAND AT VETERANS' ADMINISTRATION FACILITY, COATESVILLE, PA.

The VICE PRESIDENT laid before the Senate a letter from the Administrator of Veterans' Affairs, transmitting a draft of proposed legislation to authorize the Administrator of Veterans' Affairs to transfer by quitclaim deed to the Pennsylvania Railroad Co. for right-of-way purposes a small strip of land at Veterans' Administration facility, Coatesville, Pa., which, with the accompanying papers, was referred to the Committee on Finance.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the petition of the Coconutmen's Association of the Philippines in the Barrio of Pils, Municipality of Lucban, Province of Tayabas, P. I., praying that section 602½ of the Revenue Act of 1934 be amended by authorizing the government of the Philippine Commonwealth to turn over to the copra producers one-half or three-eighths of the fund received as excise tax on coconut oil, etc., which was referred to the Committee on Finance.

He also laid before the Senate resolutions adopted at the conference of the Western Association of State Game and Fish Commissioners at Del Monte, Calif., requesting that the Bureau of Biological Survey provide sufficient funds to purchase winter feed for migratory water fowl; that funds be provided under the so-called Pittman-Robertson Act for the maintenance of game projects; relative to Regulations G-20-A of the Secretary of Agriculture, and also extending thanks to the Forest Service, the Soil Conservation Service, the Bureau of Biological Survey, and the Bureau of Fisheries for their cooperation, which were referred to the Committee on Agriculture and Forestry.

He also laid before the State a resolution adopted at the conference of the Western Association of State Game and Fish Commissioners at Del Monte, Calif., requesting closer cooperation between the Bureau of Fisheries and the Bureau of Reclamation in connection with future reclamation projects, which was referred to the Committee on Irrigation and Reclamation.

He also laid before the Senate resolutions adopted at the conference of the Western Association of State Game and Fish Commissioners at Del Monte, Calif., requesting that the Secretary of the Interior reconsider his action in ruling that lands leased under the so-called Taylor Grazing Act may be closed to hunting and fishing and to promulgate new regulations insuring shooting privileges to the American public on the public domain; also, a resolution opposing the establishment of any more national parks in the Western States or the extension of existing park areas; and, also, a resolution protesting against the interpretation given to regulations G-22-A and G-22-C of the Forest Service relative to actual owners of game in the Pisgah National Forest, N. C., which were referred to the Committee on Public Lands and Surveys.

He also laid before the Senate a resolution adopted at the conference of the Western Association of State Game and Fish Commissioners at Del Monte, Calif., expressing thanks to the mayor of Monterey, to Ralph O. Marron, and Bill Williams, of Monterey, and particularly to Herbert C. Davis, executive officer of the California Division of Fish and Game, in connection with the nineteenth annual conference of the association, which was ordered to lie on the table.

He also laid before the Senate a resolution of the Commissioners of the City of Wilmington, N. C., with respect to making funds available for continuation of the Housing Authority program and the extension of the public works program by Congress, which was ordered to lie on the table.

Mr. HOLT presented a paper in the nature of a memorial from members of the Auxiliary Unit of American Legion, Belle Post, No. 95, in the State of West Virginia, remonstrating against the enactment of legislation to increase immigration to the United States until needy American people are cared for, which was referred to the Committee on Immigration.

He also presented the petition of members of Unit No. 15, American Legion Auxiliary of Parkersburg, W. Va., favoring the prompt enactment of measures to assist disabled veterans of the World War and their dependents, which was ordered to lie on the table.

He also presented the petitions of Townsend Club, No. 1, of Hendricks; Townsend Club, No. 1, of Dakota; Townsend Club, No. 1, of Hampshire County; and Townsend Club, No. 1, of Wheeling, all in the State of West Virginia, praying for the enactment of the joint resolution (S. J. Res. 145) proposing an amendment to the Constitution of the United States relating to old-age assistance, which were ordered to lie on the table.

NAMING OF AGGRESSOR NATIONS—PETITION

Mr. REYNOLDS. Mr. President, although we shall not consider at this session of Congress the so-called neutrality bill passed several days ago by the House in the form of the Bloom bill, I should like to have printed in the CONGRESSIONAL RECORD and appropriately referred a petition I have just received from a group of my good friends and fellow citizens of North Carolina, signed by Dr. Frank P. Graham, of Chapel

Hill, N. C., and many others, and which is in support of the Thomas amendment to the Neutrality Act. Before presenting it for the RECORD, however, I should like to make clear that the position taken in this petition is contrary to my own position, and that I am against any proposal that would permit the naming of an aggressor. I believe that extension of the power to name an aggressor would inevitably draw us into war, and particularly the suggestion that the aggressor be made uncomfortable and unpopular, presumably by this Nation.

Mr. President, we cannot police the world. We have troubles enough right here at home to keep us busy for many years to come. Let us get those attended to before we tackle anything else.

There being no objection, the petition was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD without all the names attached, as follows:

To North Carolina's Senators and Representatives in the Congress of the United States:

There is one public question which at this time overshadows in importance all others, and that is the question of world peace or world war. This is a question whose determination has the capacity to promote or disastrously to impair the happiness and well-being of our State and Nation. As citizens of North Carolina we desire to present to you a request for consideration of the only course of action which in our judgment can contribute to peace.

Our relation to the present world situation makes clear what our procedure should be. While we are removed from the immediate scenes of international disturbance, we must admit, if we are realistic, that in the event of war against the democracies of the world, the greatest and richest democracy of all will find it difficult to keep out of such a world war. Therefore, the surest and perhaps the only way for us to have peace is to prevent such a world war. Only two methods of prevention have been proposed.

One is to do nothing, to let aggression take its course, to maintain a strict and therefore utterly impotent neutrality, to pursue a policy of unconcerned and irresponsible isolation. This is the method favored by those who believe that we can have peace by merely wishing it, and without doing anything to achieve it. The trouble with this method is that it is neither effective nor ethical.

The other method is the realistic, common-sense method which we use when domestic disorder arises. We locate the aggressor, and we do all we can to render aggression uncomfortable and unpopular. There is no trouble to locate the international aggressor if we accept the formula that whenever a nation refuses to negotiate and resorts to force, that nation is the aggressor. It is not necessary for us to throw bombs at the aggressor when a little well-timed economic mustard gas will be just as effective. We can refuse to associate with or to do business with aggressor nations, and we can give aid and comfort to nations who are the victims of aggression. That is the effective way, and that is the ethical way in a community of nations.

We would respectfully urge you to support a foreign policy which will seek to promote peace by the prevention of aggression. We urge you to support such a policy and such legislation under whatever name appearing, such as the Thomas amendment to the Neutrality Act or other legislation seeking peace by the way of prevention of aggression by any means short of war.

Respectfully submitted.

DR. FRANK P. GRAHAM, Chapel Hill, N. C.

MR. A. W. MCALISTER, Greensboro, N. C.

R. O. BROWNING, Burlington, N. C.

(And others).

MANUFACTURE OF SMALL AMERICAN FLAGS

Mr. DAVIS. Mr. President, during the recent visit of the King and Queen of England to Washington, when United States flags were very much in evidence, I am informed that small flags of our country made in Japan were being sold for 10 cents, while similar flags made here were being sold for 25 cents. I was reminded of this situation upon receipt of resolutions from the Cambria County Committee of the American Legion. I ask unanimous consent to have these resolutions printed in the RECORD and referred to the Committee on Finance, showing that a thorough search of the shops in the city of Johnstown, Pa., revealed the fact that no small American flags were available except those stamped "Made in Germany" or "Made in Japan."

The VICE PRESIDENT. Without objection, the resolutions will be printed in the RECORD and referred to the Committee on Finance.

The resolutions are as follows:

Whereas at a recent celebration in the vicinity of the city of Johnstown, Pa., requiring the use of small American flags a thorough search of the shops in the city of Johnstown revealed the

fact that no small American flags were available except those stamped "Made in Germany" or "Made in Japan"; and

Whereas the only conclusion to be drawn from such a situation is that our own producers of American flags are not adequately protected: Now, therefore, be it

Resolved, That the Cambria County committee of the American Legion, representing all the 17 American Legion Posts of Cambria County, at its regular monthly meeting held in Barnesboro on Tuesday, the 20th of June 1939, go on record as condemning the situation outlined above; and be it further

Resolved, That this committee urge the United States Senators from Pennsylvania and the Representatives in Congress from the Twenty-seventh Congressional District to support measures to correct the aforesaid situation.

I hereby certify the foregoing to be a true and correct copy of the resolution adopted at the regular monthly meeting of the Cambria County committee held at Barnesboro on Tuesday, June 20, 1939.

T. J. RODGERS, Secretary.

REPORTS OF COMMITTEES

Mr. GURNEY, from the Committee on Military Affairs, to which was referred the bill (S. 2740) to amend section 9a, National Defense Act, as amended, so as to provide specific authority for the employment of warrant officers of the Regular Army as agents of officers of the finance department for the disbursement of public funds, reported it without amendment and submitted a report (No. 738) thereon.

Mr. AUSTIN, from the Committee on Military Affairs, to which was referred the bill (S. 2739) to amend section 45 of the United States Criminal Code to make it applicable to the outlying possessions of the United States, reported it without amendment and submitted a report (No. 739) thereon.

Mr. HILL, from the Committee on Military Affairs, to which was referred the bill (S. 2366) for the relief of Franklin C. Richardson, reported it with amendments and submitted a report (No. 740) thereon.

Mr. MINTON, from the Committee on Military Affairs, to which was referred the bill (S. 2496) for the relief of James E. Barry, reported it without amendment and submitted a report (No. 741) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 2585) to reimburse the cotton cooperative associations for losses occasioned by the Federal Farm Board's stabilization operations, and for other purposes, reported it with an amendment and submitted a report (No. 742) thereon.

Mr. ADAMS, from the Committee on Banking and Currency, to which was referred the bill (H. R. 2750) to prohibit the issuance and coinage of certain commemorative coins, and for other purposes, reported it without amendment and submitted a report (No. 743) thereon.

He also, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 6) to return a portion of the Grand Canyon National Monument to the public domain, reported it with amendments and submitted a report (No. 744) thereon.

He also, from the same committee, to which was referred the bill (S. 2469) relating to the exchange of certain lands in the State of Oregon, reported it without amendment and submitted a report (No. 745) thereon.

Mr. O'MAHONEY, from the Committee on Indian Affairs, to which was referred the bill (S. 1878) to provide for the distribution of the judgment fund of the Shoshone Tribe of the Wind River Reservation in Wyoming, and for other purposes, reported it with amendments and submitted a report (No. 746) thereon.

Mr. LUCAS, from the Committee on Patents, to which was referred the bill (S. 2688) to amend section 4884 of the Revised Statutes (U. S. C., title 35, sec. 40), reported it without amendment and submitted a report (No. 747) thereon.

Mr. CLARK of Idaho, from the Committee on Patents, to which was referred the bill (S. 2687) to establish a circuit court of appeals for patents, reported it with amendments and submitted a report (No. 748) thereon.

He also, from the same committee, to which was referred the bill (S. 2689) to amend section 33 of the act entitled "An act to amend and consolidate the acts respecting copyright,"

approved March 4, 1909, and for other purposes, reported it without amendment and submitted a report (No. 760) thereon.

Mr. HATCH, from the Committee on the Judiciary, to which was referred the joint resolution (S. J. Res. 140) proposing an amendment to the Constitution relating to the power of the Congress to declare war, reported it without recommendation and submitted a report (No. 749) thereon.

He also, from the Committee on the Judiciary, to which was referred the joint resolution (S. J. Res. 84) proposing an amendment to the Constitution of the United States for a referendum on war, reported it with amendments and without recommendation, and submitted a report (No. 750) thereon.

He also, from the same committee, to which was referred the bill (S. 1282) to extend the privilege of retirement for disability to judges appointed to hold office during good behavior, reported it with amendments and submitted a report (No. 751) thereon.

He also, from the same committee, to which was referred the bill (S. 2262) to provide for a change in the time for holding court at Rock Hill and Spartanburg, S. C., reported it without amendment and submitted a report (No. 762) thereon.

Mr. GUFFEY, from the Committee on Mines and Mining, to which was referred the joint resolution (S. J. Res. 155) consenting to an interstate oil compact to conserve oil and gas, reported it without amendment and submitted a report (No. 752) thereon.

Mr. AUSTIN, from the Committee on Immigration, to which were referred the following bills, reported them severally with an amendment and submitted reports thereon:

S. 1328. A bill for the relief of Lena Hendel, nee Lena Goldberg (Rept. No. 753);

S. 1478. A bill for the relief of Haim Genishier, alias Haim Satyr (Rept. No. 754); and

S. 1998. A bill for the relief of Ernestine Huber Neuheller (Rept. No. 755).

Mr. MALONEY, from the Committee on Immigration, to which was referred the bill (H. R. 4646) to provide means by which certain Filipinos can emigrate from the United States, reported it with amendments and submitted a report (No. 756) thereon.

Mr. STEWART (for himself and Mr. HOLMAN), from the Committee on Immigration, to which was referred the bill (S. 409) to protect American labor and stimulate the employment of American citizens on American jobs, reported it with amendments and submitted a report (No. 757) thereon.

Mr. O'MAHONEY, from the Committee on Irrigation and Reclamation, to which was referred the bill (H. R. 6984) to provide a feasible and comprehensive plan for the variable payment of construction charges on United States reclamation projects, to protect the investment of the United States in such projects, and for other purposes, reported it with amendments and submitted a report (No. 758) thereon.

Mr. MURRAY, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 1977) for the relief of John A. Farrell, reported it without amendment and submitted a report (No. 759) thereon.

Mr. CONNALLY, from the Committee on the Judiciary, to which was referred the bill (H. R. 5643) to invest the circuit courts of appeals of the United States with original and exclusive jurisdiction to review the order of detention of any alien ordered deported from the United States whose deportation or departure from the United States otherwise is not effectuated within 90 days after the date the warrant of deportation shall have become final; to authorize such detention orders in certain cases; to provide places for such detention; and for other purposes, reported it with an amendment and submitted a report (No. 761) thereon.

Mr. ELLENDER, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 2573) to amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in rice and providing for the orderly marketing of rice at fair prices in interstate and foreign commerce, reported it with amendments and submitted a report (No. 763) thereon.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MEAD:

S. 2760. A bill for the relief of Mijo Stanisic; to the Committee on Immigration.

By Mr. BRIDGES:

S. 2761. A bill to admit Alfred Schwabl permanently to the United States; to the Committee on Immigration.

By Mr. TRUMAN:

S. 2762. A bill granting an increase of pension to Mary E. Ozenberger; to the Committee on Pensions.

By Mr. LOGAN:

S. 2763. A bill to authorize the Comptroller General of the United States to allow credit and to relieve certain disbursing officers for National Recovery Administration payments; to the Committee on Claims.

By Mr. ANDREWS:

S. 2764. A bill conferring jurisdiction upon the District Court of the United States for the Southern District of Florida, to hear, determine, and render judgment upon the claims of Zook Palm Nurseries, Inc., a corporation, and Mike L. Blank, respectively; to the Committee on Claims.

(Mr. MURRAY (for himself and others) introduced Senate bill 2765, which, after debate, was referred to the Committee on Appropriations, and appears under a separate heading.)

By Mr. BARBOUR (for himself and Mr. SMATHERS):

S. 2766. A bill to authorize the presentation of Congressional Medals of Honor to Howard C. Smith and Richard Aldworth; to the Committee on Military Affairs.

By Mr. GURNEY:

S. 2767. A bill to correct the military record of Oberlin M. Carter, formerly captain, Corps of Engineers, United States Army, to show that the judgment of court martial in his case is unlawful and invalid; to the Committee on Military Affairs.

By Mr. RADCLIFFE:

S. 2768. A bill authorizing the naturalization of Thomas A. Lambie; to the Committee on Immigration.

By Mr. SHEPPARD:

S. 2769. A bill to amend section 55, National Defense Act, as amended, to provide for enlistment of men up to 45 years of age in technical units of the Enlisted Reserve Corps; to the Committee on Military Affairs.

By Mr. ADAMS:

S. 2770. A bill for the relief of Charles Augustus Lathrop; to the Committee on Finance.

By Mr. PITTMAN:

S. 2771. A bill providing for the coinage of certain silver into standard silver dollars, and for other purposes; to the Committee on Banking and Currency.

By Mr. ASHURST:

S. 2772. A bill granting an increase of pension to Kean St. Charles; to the Committee on Pensions.

S. 2773 (by request). A bill to authorize the payment of compensation to recess appointees in certain cases; to the Committee on the Judiciary.

By Mr. DOWNEY:

S. 2774. A bill for the relief of Jose Mauri; to the Committee on Immigration.

By Mr. CLARK of Missouri:

S. 2775. A bill for the relief of Henry Gideon Schiller; to the Committee on Immigration.

By Mr. KING:

S. 2776. A bill to provide for reorganization of local government in the District of Columbia;

S. 2777. A bill to amend an act entitled "An act to provide for insanity proceedings in the District of Columbia," approved June 8, 1938;

S. 2778. A bill to amend an act entitled "An act to provide for a tax on motor-vehicle fuels sold within the District of Columbia, and for other purposes," approved April 23, 1924; and

S. 2779. A bill to amend an act entitled "An act to regulate the practice of the healing art to protect the public

health in the District of Columbia," known as the Healing Arts Practice Act, District of Columbia, 1928, approved February 27, 1929; to the Committee on the District of Columbia.

By Mr. BURKE:

S. 2780. A bill to enable the people of Puerto Rico to form a constitution and State government and be admitted into the Union on an equal footing with the States; to the Committee on Territories and Insular Affairs.

By Mr. THOMAS of Oklahoma:

S. 2781. A bill conferring jurisdiction on the Court of Claims to adjudicate the rights of the Otoe and Missouri Tribes of Indians to compensation on a basis of guardian and ward; to the Committee on Indian Affairs.

By Mr. VAN NUYS (for Mr. McCARRAN):

S. J. Res. 167. Joint resolution designating September 11 to 24, 1939, as a period for the national observance of air progress; to the Committee on the Judiciary.

POSTPONEMENT OF NEUTRALITY LEGISLATION—RESTRICTION OF CERTAIN EXPORTS

Mr. PITTMAN. Mr. President, I feel I should announce to the Senate that at a meeting of the Committee on Foreign Relations held this morning the committee voted to postpone further consideration of the pending bills on neutrality until the next session of Congress.

However, there are two resolutions pending before the committee dealing with exports to signatories of the Nine Power Treaty or Pact. The resolutions propose to place restrictions or to grant the power to place restrictions upon certain exports of war materials to countries that are violating the Nine Power Pact, resulting in death and danger of death to our citizens and the deprivation of the rights of our citizens under that treaty. One of the resolutions was introduced by the Senator from Washington [Mr. SCHWELLENBACH] and the other was introduced by me. The matter was taken up before the committee, and Friday morning at 10:30 o'clock has been set as the time to consider the two resolutions.

I am offering an amendment in the nature of a substitute for the resolution which I have pending before the committee. The resolution which I have pending before the committee is known as Senate Joint Resolution 123. In that resolution very large discretion was proposed to be granted to the President over the control of commerce, both export and import trade. It occurred to me, of course, that in dealing with import trade we would be dealing with a revenue question, and that the initiation of that question rests solely within the jurisdiction of the House of Representatives. So the amendment I am submitting as a substitute deals solely with exports. It names the exports. It names arms, ammunition, and implements of war, as defined in the Neutrality Act, and iron, steel, oil, gasoline, scrap iron, scrap steel, scrap metals containing a combination of iron and steel, and other metals or a combination of metals. In other words, I have limited the articles as nearly as I could to such articles as enter directly into war and are used directly at the present time in the war of Japan against China.

The resolution by its terms expires on May 1, 1940. Of course, any existing offenses or prosecutions arising prior to that time will continue in force.

I ask to have the amendment in the nature of a substitute for the joint resolution printed in the RECORD at this point as a part of my remarks, so that it may be available to the Senate, and that it be printed in the usual form and referred to the Committee on Foreign Relations.

The amendment in the nature of a substitute intended to be proposed by Mr. PITTMAN to the joint resolution (S. J. Res. 123) relative to violation of a treaty, was referred to the Committee on Foreign Relations, and ordered to be printed, and printed in the RECORD, as follows:

Amendment intended to be proposed by Mr. PITTMAN in the nature of a substitute to the joint resolution (S. J. Res. 123) relative to violation of a treaty, viz: Strike out all after the resolving clause and insert in lieu thereof the following:

"That whenever the President shall find that any foreign state which is a party to the treaty known as the Nine Power Pact between the United States, Belgium, the British Empire, China, France,

Italy, Japan, the Netherlands, and Portugal, regarding principles and policies to be followed in matters concerning China, signed at Washington, February 6, 1922, is endangering the lives of citizens of the United States, or depriving such citizens of their legal rights and privileges, through the commission of acts, or the failure to perform required acts, in violation of the express provisions and guaranties in said treaty, the President is authorized by proclamation to restrict or prohibit the export from the United States to such foreign state, and to any other place under the physical or political control thereof, of any of the following articles and materials: 'Arms, ammunition, implements of war,' as defined in the act approved May 1, 1937 (Public Res. No. 27, 75th Cong., 1st sess.), and iron, steel, oil, gasoline, scrap iron, scrap steel, and scrap metal containing a combination of iron or steel and other metals or any combination of metals.

"Sec. 2. (a) Each proclamation issued by the President under section 1 shall definitely enumerate the articles and materials referred to in such section the export of which is to be restricted or prohibited by such proclamation, and shall name the foreign state or states and the places under the physical or political control thereof to which such proclamation is to apply.

"(b) Each such proclamation shall take effect upon the 30th day after the date such proclamation is issued, and shall remain in effect until changed, modified, or revoked as hereinafter provided.

"(c) The President may from time to time by proclamation change, modify, or revoke in whole or in part, any such proclamation, and he is authorized to prescribe such rules and regulations as may be necessary to carry out the provisions of this joint resolution.

"(d) Whenever in the judgment of the President the conditions which caused him to issue any such proclamation have ceased to exist, he shall revoke the proclamation and the provisions of this joint resolution shall thereupon cease to apply with respect to the foreign state or states and the places under the physical or political control thereof named in such proclamation, except with respect to offenses committed, or forfeitures incurred, prior to such revocation.

"Sec. 3. (a) It is hereby declared to be the intent of Congress that the authority granted to the President by this joint resolution shall be exercised only to the extent necessary for the protection of the lives of citizens of the United States and the rights and privileges guaranteed to them under the treaty referred to in section 1, and that such authority shall not be exercised until after the President shall have made every reasonable effort to induce the foreign state or states concerned in any violation of said treaty to comply with the terms of said treaty in order to protect the lives of such citizens and the rights and privileges so guaranteed.

"(b) In carrying out the provisions of this joint resolution there shall be no discrimination between foreign states which are parties to and so violating said treaty.

"Sec. 4. (a) Whoever shall export, or attempt to export, or cause to be exported, from the United States to any foreign state or states or to any place under the physical or political control thereof named in any proclamation issued by the President under section 1, any articles or materials enumerated in such proclamation the export of which is restricted or prohibited, shall be fined not more than \$10,000, or imprisoned not more than 5 years, or both, and the property, vessel, or vehicle containing the same shall be subject to the provisions of sections 1 to 8, inclusive, title 6, chapter 30, of the act approved June 15, 1917 (40 Stat. 223-225; U. S. C., 1934 ed., title 22, secs. 238-245).

"(b) In the case of the forfeiture of any articles or materials by reason of a violation of any such proclamation, no public or private sale shall be required; but such articles or materials shall be delivered to the Secretary of War for such use or disposal thereof as shall be approved by the President.

"Sec. 5. This joint resolution and all proclamations issued thereunder shall not be effective after May 1, 1940, except with respect to offenses committed, or forfeitures incurred, prior to such date."

Mr. KING. Mr. President, is this joint resolution in the nature of a statute, or does it merely confer upon the President of the United States power to interdict certain exports?

Mr. PITTMAN. It is in the nature of a power to the President. It allows the President to place a quota on exports, we will say, limiting them to normal, or to place a quota on some and an absolute embargo on others, so long as violations of our rights continue. The joint resolution expressly states that it is intended that the President shall make every effort to obtain recognition of our rights before the action is taken, and that he shall give notice 30 days in advance of the taking effect of the proclamation definitely describing the articles the export of which is restricted or embargoed, so that everyone may have notice.

Mr. SCHWELLENBACH. Mr. President—

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Washington?

Mr. PITTMAN. I yield the floor.

Mr. SCHWELLENBACH. I should like to ask the Senator from Nevada a question.

Mr. PITTMAN. I yield.

Mr. SCHWELLENBACH. The Senator stated that I had a resolution upon the same question. Last Friday evening, over the National Broadcasting Co. system, I gave an explanation of my resolution. Would the Senator have any objection to my inserting the address in the RECORD at the conclusion of his remarks?

Mr. PITTMAN. No; I myself should like to have the pleasure of inserting the address. I think it is a very able one.

The VICE PRESIDENT. Is there objection to the request of the Senator from Nevada?

There being no objection, the address was ordered to be printed in the RECORD, as follows:

I have no desire to duplicate Orson Welles' fright-producing efforts in his radio drama portraying the conquerors from Mars (H. G. Wells' play, *The War of the World*). However, in order that you may fully appreciate the situation in the Far East let me present it in this way:

Suppose that tomorrow morning your newspapers should carry the story that your Government had decided to go to war. It had no provocation for this war. In fact, the war would be a direct violation of the treaty to which this Nation had solemnly obligated itself. Suppose that the governmental dispatches stated that it had no intention of declaring war, as required by recognized rules of international law. It was to be a war not of defense but of conquest. However, we were not to partake of any of the conquered territory. We were to ally ourselves with one of the principal aggressor nations of the world and assist in an attack upon one of the most defenseless nations in the world. The nation attacked, incidentally, was to be one which had always been friendly with us and which had relied upon our friendship to such an extent that it was in no measure able to defend itself. Our allies had demonstrated in the past that they were fierce fighters, ruthless and destructive. They never had any regard for even those slight principles of decency which had governed international conduct in times of war. They assured us that their methods in this war were to be the most frightful ever known. However, this was to be a safe war so far as we were concerned. None of our boys would be killed. None of them would be wounded. None of our property was to be destroyed. Our part of the war was to make money out of it. Huge profits were to go to our citizens and our corporations which furnished the necessary supplies for the conduct of the war. All we needed to do was to furnish the supplies and to take the profits.

What would be your reaction to such a news dispatch tomorrow morning? Would you approve of such conduct on the part of our Government? I have no doubt that if these radio airwaves could be reversed from each of you listening to me back into this broadcasting station the reverberations of the "Noes" thundered in answer to that question would drive me out of the station. You individually would disapprove of it; the American people as a whole would disapprove of it; the Nation would disapprove of it.

Yet for all practical purposes the situation I have described unofficially exists today in our relationship with the Japanese conquest of China.

We, more than any other nation in the world, are directly assisting in the continuation of Japan's activities in China. Were it not for the assistance of the United States, Japan's Chinese campaign would probably have collapsed many months ago. Japan is a nation without the necessary materials of war. The whole purpose of her Chinese conquest is to acquire territory from which she may secure resources for further extension of war. We speak of her as having Germany and Italy as her allies. The fact is that we are her most important ally. Japan has no oil with which to operate her airplanes, her tanks, her trucks, her automobiles, or even her battleships. We furnish 65.67 percent of that which she secures from the outside world. She must have scrap iron and steel with which to manufacture her munitions. We furnish 90.39 percent of that. She must have copper for her munitions. We furnish 90.98 percent of that. She must have other metals and alloys, and we furnish 99.33 percent of those. She must have metal-working machinery. Our contribution is 67.9 percent of that. We furnish 64.67 percent of the automobiles and parts which she is using in China. We furnish 76.92 percent of the aircraft and parts with which she bombs the hospitals, schools, and missions in which the Chinese people seek shelter. There never has been in the history of the world—civilized or uncivilized—a more ruthless and frightful campaign of conquest than that which Japan has been waging in China during the last 2 years.

We have been told that the next war will be a war against populations and not between armies. If this is true, Japan is certainly furnishing a hideous sample of what we may expect. The murder of the old and young noncombatants, the destruction of schools and places of worship, the humiliation and ravishment of China's womanhood all paint for us a picture of lustful aggression gone rampant. The experts tell us that Japan has in adequate quantity only 2 of the 26 materials necessary to carry on modern warfare. Of the most important of the other 24 I have given you the figures

as to the extent of our participation. If the writers of history in the future actually know how warfare was conducted in 1939 through the use of necessary materials, they will write down a description of China's conquest not by the Japanese but by a Japanese-American alliance—the Japs taking the conquered land and the Americans taking the profits from the sale of our raw materials.

We criticize the Japanese for not making an open declaration of war on China. Perhaps we should pause and wonder whether we are more than slightly less guilty.

To make this situation even more humiliating, it is in direct violation of treaty obligations upon our part toward China. We criticize Germany and Italy for their attitude toward treaties. We criticize England and France for their attitude toward Ethiopia and Czechoslovakia. In the proposals before the Congress that we should name the aggressor nations the distinction which we are urged to accept is upon the basis of treaty violations. Yet we are just as effectively violating a treaty as any of these nations ever have. It is true we send no enlisted American troops. We send only the materials for use by Japanese troops. We provide no drivers of trucks, or tanks, or pilots for airplanes. We just furnish the gasoline which propels these trucks and tanks and airplanes. We don't even take the chances that the Japanese take. All we do is to take the profits that we can make.

What treaty are we violating? In 1921, in an endeavor to reduce naval expenditures among the great powers, the Washington Conference was called. It had the leadership of the then very able Secretary of State and now revered Chief Justice Mr. Charles Evans Hughes. Its chief purpose in the beginning was the limitation of naval armaments. The most important accomplishment of the conference, however, was the adoption and signing of the Nine Power Pact. The purpose of this Nine Power Pact is stated in the treaty as follows:

"To adopt a policy designed to stabilize conditions in the Far East, to safeguard the rights and interests of China, and to promote intercourse between China and the other powers upon the basis of equality of opportunity."

This was not the first contact our Nation had had with China. For 125 years we have been sending over missionaries to open schools, colleges, hospitals, and churches. It might be said that that would create no obligation upon our part. So far as the Chinese were concerned it did create an obligation. The trust which the Chinese people had in American missionaries, doctors, nurses, and teachers was transferred to the American people and the American Nation as a whole. In 1899 we intervened in China and insisted upon the open-door policy. We insisted that our rights in China be recognized and that no other nation could create a sphere of influence there. After the Boxer Rebellion in 1900 we again bound China to us by refusing our indemnities. Such was the feeling of the Chinese people toward our country that in 1911, when the new Government was set up, ours was taken as the example and model. We encouraged such an attitude upon the part of the Chinese people. During the World War, when the rest of the world was busily engaged, Japan made an effort through her 21 demands to destroy the territorial integrity of China. In that she was blocked by Woodrow Wilson. In return for this China readily complied with President Wilson's request and declared war upon the Central Powers shortly after we entered the world conflict. When that war ended, however, China profited not at all. The net result, so far as China was concerned, was that her old rival and enemy—Japan—was given all of the German rights in China in addition to many other rights in Shantung which was China's sacred Province. In retaliation of that, and with disappointment with the way she had been treated by her Allies, the Chinese people commenced their effective blockade against Japanese goods. It was an effective blockade. Its success struck vitally at the economic structure of Japan. It must be remembered that then Japan did not have her diversified foreign trade, her merchant marine had not been built to the strength that it now occupies. To Japan, Chinese trade was of vital importance. By the time of the Washington Conference on Armistice Day, 1921, the Chinese blockade had reached a state of well-nigh perfection. In that conference we asked Japan to agree to a naval program which meant economy for us and also lessened the danger to us in the Pacific. In consideration of Japan's agreement in the naval side of the conference we induced China to discontinue the blockade. In payment for this action on China's part we wrote into article I of the Nine Power Pact the agreement "to respect the sovereignty, the independence, and the territorial and administrative integrity of China."

All nine of the nations agreed to it. So solemn was the declaration on our part that President Coolidge proclaimed:

"To the end that the same and every article and clause thereof may be observed and fulfilled with good faith by the United States and the citizens thereof."

China, relying entirely upon her trust in us, surrendered her most effective weapon. China believed her sovereignty and independence, administrative and territorial integrity would be respected by the nations of the world. Did she not have the strong arm of her American friend to uphold her? Yet today China suffers and her independence and her territorial and administrative integrity are being destroyed. We, for the filthy profits involved, are aiding, abetting, and cooperating in that destruction.

What right have we to point the finger of scorn at Germany, Italy, France, or England when they regard treaties as scraps of paper? Contemporary historians of these days are striking a saddened note describing this era as one of treaty breakers. Can anyone doubt that our oil and our copper and our scrap steel and

iron are the most effective agents in this violation of a treaty that this era has yet seen?

So far as China and Japan are concerned, it isn't a matter of us getting into the war. We already are in the war. We are in the war in violation of a treaty which we signed in order to gain an advantage which we sought. The background of our relations with China should make that treaty the most sacred of any ever written.

The courts of equity place upon the individual who has gained the respect and confidence of another individual a much higher duty for the faithful performance of an agreement than upon one who is dealt with at arm's length. The same rule should apply to nations. So far as we are concerned, it should have particular application in regard to China.

There is another aspect of this problem which we must discuss. It involves the relationship between the Far East and Europe. Japan's conquest of China has a direct bearing upon the possibility of war in Europe. One need only to review the events of the past 2 years to reach this conclusion. Certainly, the events of the last 2 weeks have cinched the conclusion. No person with his eyes open can escape believing that there is a direct relationship between the situation in China and the situation on the continent of Europe. It may be that the Rome-Berlin axis has not been extended in military form to Tokyo; no well-informed person will deny that the Tokyo end of the alliance does directly cooperate with Rome and Berlin. It is no coincidence that every time Mr. Hitler has decided to seize more territory in Europe the attention of those who might oppose him has been distracted by annoyances from Japan. What other explanation can be given to the Tientsin incidents of the past few weeks and of the outbreaks between Japan and Russia upon the Mongolian border? Japan certainly doesn't today desire to add to its opposition. Japan's armies and its resources are fully occupied by the Chinese controversy. Yet deliberately it chooses, from time to time, to provoke unnecessary conflicts with England, France, and Russia. Such conflicts uniformly come simultaneously with threats of further acquisition of territory by Germany and Italy. No more decisive steps could be taken by a nation desiring to prevent war in Europe than those which would prevent Japan from rendering indirect assistance toward furthering of a war in Europe.

We in Congress are in the midst of vigorous debate over what we should do in event war comes to Europe. We have no treaty obligations in Europe. We do have most definite and sacred treaty obligations in Asia. Yet, we almost completely neglect consideration of them even though respect for them would probably materially lessen the chance of the European war we so much fear. In my opinion, every consideration of logic, justice, and responsibility requires that our first step should be to get out of the present war in which we are so effectively participating.

TRANSMISSION OF FRANKABLE MATTER THROUGH THE MAILS

Mr. O'MAHONEY. Mr. President, several days ago, when the calendar was last under consideration, the Senate passed Senate Joint Resolution 134. It was withheld from the House, however, because I offered the text of the joint resolution as an amendment to the third deficiency bill. The amendment was adopted by the Senate, agreed to by the conferees, and is now a part of the law; so Senate Joint Resolution 134 need no longer receive the attention of the Congress.

I therefore ask unanimous consent that the vote by which the joint resolution was passed by the Senate may be reconsidered, in order that I may move its indefinite postponement.

Mr. AUSTIN. Mr. President, I should like to have the joint resolution identified. What is its number?

Mr. O'MAHONEY. It is the joint resolution providing certain limitations upon the transportation of frankable mail in the mails.

Mr. AUSTIN. Is it on the calendar?

Mr. O'MAHONEY. It was passed when the calendar was considered several days ago, and I now desire to have it indefinitely postponed.

Mr. AUSTIN. I do not find it on the calendar.

Mr. O'MAHONEY. It is not on the calendar, because it was passed.

Mr. AUSTIN. Very well. I have no objection.

The VICE PRESIDENT. Without objection, the vote whereby the joint resolution was passed will be reconsidered.

Mr. O'MAHONEY. I now move that Senate Joint Resolution 134 be indefinitely postponed.

The motion was agreed to.

AUTHORIZATION FOR RIVER AND HARBOR WORKS—AMENDMENT RELATIVE TO KODIAK HARBOR, ALASKA

Mr. SCHWELLENBACH submitted an amendment intended to be proposed by him to the bill (H. R. 6264) authorizing the construction, repair, and preservation of certain

public works on rivers and harbors, and for other purposes, which was ordered to lie on the table and to be printed.

SOCIAL SECURITY ACT—AMENDMENTS

Mr. HAYDEN and Mr. CONNALLY each submitted an amendment, and Mr. WAGNER submitted two amendments intended to be proposed by them, respectively, to the bill (H. R. 6635) to amend the Social Security Act, and for other purposes, which were ordered to lie on the table and to be printed.

PENSIONS TO MEMBERS OF THE REGULAR ARMY, NAVY, ETC.—AMENDMENT

Mr. KING submitted an amendment intended to be proposed by him to the bill (S. 522) to provide pensions to members of the Regular Army, Navy, Marine Corps, and Coast Guard who become disabled by reason of their service therein, equivalent to 90 percent of the compensation payable to war veterans for similar service-connected disabilities, and for other purposes, which was ordered to lie on the table and to be printed.

EXPENSES IN CONNECTION WITH FUNERAL OF THE LATE SECRETARY SWANSON

Mr. GLASS submitted the following resolution (S. Res. 157), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate the actual and necessary expenses incurred by the committee appointed by the Vice President in arranging for and attending the funeral of Hon. Claude A. Swanson, late Secretary of the Navy and former Senator from the State of Virginia, upon vouchers to be approved by the Committee to Audit and Control the Contingent Expenses of the Senate.

INVESTIGATION OF "SHORT SELLING" ON THE CHICAGO BOARD OF TRADE

Mr. NYE submitted the following resolution (S. Res. 158), which was referred to the Committee on Agriculture and Forestry:

Senate Resolution 158

Resolved, That the Committee on Agriculture and Forestry, or any subcommittee thereof, is authorized and directed to make a full and complete investigation and study with respect to (1) the nature and legality of transactions in commodities involving the speculative sale thereof for future delivery, commonly known as "short selling," as conducted on the Board of Trade of the City of Chicago, a contract market under and subject to the Commodity Exchange Act; (2) the nature and legality of the methods employed by the said Board of Trade of the City of Chicago in connection with trading in commodities for future delivery; (3) the nature and legality of the methods employed by the Secretary of Agriculture and the Commodity Exchange Administration for enforcing and administering the Commodity Exchange Act with respect to trading in commodities for future delivery on the said Board of Trade of the City of Chicago; and (4) the possibility of improving the methods of trading in commodities for future delivery on the said Board of Trade of the City of Chicago in the interest of honesty, economy, and better service to the public and the legitimate grain trade. The committee shall report to the Senate, at the beginning of the next regular session of the Congress, the results of its investigation and study, together with its recommendations, if any, for legislation.

For the purposes of this resolution, the committee is authorized to sit and act, as a whole or by subcommittee, at such times and places in the United States as it deems advisable; to employ and fix the compensation of such counsel, clerical, stenographic, and other assistants; to hold such hearings; to administer such oaths and affirmations; to take testimony; to provide for the attendance of witnesses; to have such printing and binding done; and to make such other expenditures (not exceeding the sum of \$25,000) as it deems necessary.

For purposes of conducting such investigation the expenses of the committee shall be paid out of the contingent fund of the Senate on vouchers authorized by such committee or any subcommittee, signed by the chairman of the committee, and approved by the Committee to Audit and Control the Contingent Expenses of the Senate. The official committee reporters shall be used at all hearings held in the District of Columbia.

THE CRAMP SHIPYARDS

Mr. DAVIS. Mr. President, in any well-considered plan of national defense it is not possible to exaggerate the importance of economic efficiency. Mass unemployment stands as a national weakness. This foe within is more to be feared than foes without. The workman back of the guardsman is of equal importance, and without his unfailing support all plans of military, naval, or aerial strategy will fail.

It is in this connection that I wish briefly to refer to the need for reopening the Cramp Shipyards in Philadelphia. The necessary adjustments with local tax authorities, I understand, are now being negotiated, and all eyes are being turned to see what action will be taken in Washington on this important matter. I have taken it up with Rear Admiral Emory S. Land, of the Maritime Commission, and hope something constructive will be done in the near future.

The reopening of the Cramp Shipyards in Philadelphia would be a great advantage to our national-defense program. It would give employment within a year to five or six thousand men. It would give employment to skilled workmen, who, without hope of such employment, are destined to lose their skill through lack of use. This in itself would be a national calamity, for it takes two or three generations to produce the skilled worker. If we continue on as now, we are likely to find ourselves as was the case in South Wales a short time ago, when skilled workmen had been idle so long that there was a genuine shortage when the nation was vitally in need of their services.

There is nothing economical or sensible in allowing skill in the hand to be lost through mass unemployment. Our first line of national defense should be jobs for our workers. I believe reopening the Cramp Shipyards would be genuinely helpful in this program.

HEARINGS BEFORE TEMPORARY NATIONAL ECONOMIC COMMITTEE

Mr. O'MAHONEY. Mr. President, I desire to announce that the third part of the hearings of the Temporary National Economic Committee has just been printed by the Government Printing Office. This volume will now be available to Members and to the public generally. It will be found of particular interest by Members at this time, because it deals with certain proposals for the modification of the patent laws. These proposals, which were fully canvassed by the Temporary National Economic Committee, have been framed into bills which I understand are being reported by the Patents Committees in this body and in the House. Not only will the Members of the Senate and the House find the hearings of interest, but I am sure the public likewise will do so.

I desire to say at this time that part 3 of the hearings will be available at the Government Printing Office at 35 cents a copy, part 1 is available at 25 cents, and part 2 at 75 cents.

Mr. BONE. Mr. President, I inquire of the Senator from Wyoming whether or not his committee has formally recommended the passage of the bills to which he has referred? I did not hear the first part of his statement.

Mr. O'MAHONEY. I may say that the committee has formally recommended the passage of the bills, or the adoption of the proposals. The recommendation, however, has not as yet been printed; but I hope it will be available in printed form before the end of the week. I am at liberty to say that the committee has formally made these recommendations.

Mr. BONE. The bills will soon be before the Senate for action, since they have been reported by the Committee on Patents, and they embody the ideas of the Commissioner of Patents. They do not touch the basic patent law but serve to clear up a great many things which, in my judgment, have been very detrimental to the operation of the entire patent law of the country.

Mr. O'MAHONEY. The bills to which the Senator refers deal practically exclusively with matters of procedure.

Mr. BONE. That is correct.

Mr. O'MAHONEY. There will be other recommendations. The Senator may be interested in having this volume.

Mr. BONE. They do not touch the substantive law but merely the mechanics of enforcement.

THE PRESERVATION OF AMERICAN INDEPENDENCE—ADDRESS BY SENATOR CLARK OF MISSOURI

[Mr. WALSH asked and obtained leave to have printed in the RECORD an address delivered by Senator CLARK of Missouri at the American Legion outing at Cape Girardeau, Mo., on July 4, 1939, on the subject The Preservation of American Independence, which appears in the Appendix.]

GUARANTY OF BANK DEPOSITS—ADDRESS BY SENATOR RADCLIFFE

[Mr. TYDINGS asked and obtained leave to have printed in the RECORD a radio address delivered by Senator RADCLIFFE on March 14, 1939, relative to the guaranty of bank deposits, which appears in the Appendix.]

ADDRESS BY SENATOR BARBOUR BEFORE COUNCIL AGAINST INTOLERANCE

[Mr. AUSTIN asked and obtained leave to have printed in the RECORD a radio address delivered by Senator BARBOUR on Friday, June 30, 1939, as part of the Independence Day ceremony of the Council Against Intolerance in America, which appears in the Appendix.]

WOMEN AND THE NATION'S POWER—ARTICLE BY SENATOR DAVIS

[Mr. DAVIS asked and obtained leave to have printed in the RECORD an article entitled "Looking to Women for Nation's Power," written by himself and published in the Philadelphia Inquirer of July 2, 1939, which appears in the Appendix.]

RESOURCES AND OPPORTUNITIES OF THE SOUTH—ARTICLE BY SENATOR BILBO

[Mr. BILBO asked and obtained leave to have printed in the RECORD an article prepared by himself entitled "The Deep South," to be published in the next issue of the Southern Agriculturist of Nashville, Tenn., which appears in the Appendix.]

THE WORLD OF TOMORROW—ADDRESS BY GOVERNOR AIKEN

[Mr. GIBSON asked and obtained leave to have printed in the RECORD an address delivered on July 2, 1939, at the New York World's Fair, by Hon. George D. Aiken, Governor of Vermont, which appears in the Appendix.]

THE CHURCH AND AMERICAN DEMOCRACY—ADDRESS BY DR. OSCAR F. BLACKWELDER

[Mr. DAVIS asked and obtained leave to have printed in the RECORD a radio address delivered on July 2, 1939, by Dr. Oscar F. Blackwelder, pastor of the Lutheran Church of the Reformation, Washington, D. C., on the subject The Contribution of the Church to the Problems of American Democracy, which appears in the Appendix.]

THE PLIGHT OF AMERICAN AGRICULTURE—ADDRESS BY MORRIS ERICKSON

[Mr. FRAZIER asked and obtained leave to have printed in the RECORD a radio address delivered by Morris Erickson, a director of the National Farmers' Union, on June 24, 1939, on the agricultural situation, which appears in the Appendix.]

CURRENCY MANAGEMENT—ARTICLE BY WILLIAM TRUFANT FOSTER

[Mr. THOMAS of Oklahoma asked and obtained leave to have printed in the RECORD an article entitled "A Competently Managed Currency Is the Answer," by William Trufant Foster, director, Pollak Foundation for Economic Research, published in the Rotarian of July 19, 1939, which appears in the Appendix.]

NEUTRALITY AND FOREIGN POLICY—STATEMENT BY LOUIS B. WARD

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD a statement by Louis B. Ward before the Committee on Foreign Relations on the subject of Neutrality, Peace Legislation, and Our Foreign Policy, which appears in the Appendix.]

ADDRESS BY ROLLAND BRADLEY BEFORE BROTHERHOOD OF LOCOMOTIVE FIREMEN AND ENGINEERS

[Mr. SHEPPARD asked and obtained leave to have printed in the RECORD an address delivered by Hon. Rolland Bradley before the tri-State meeting of the Brotherhood of Locomotive Firemen and Engineers, held at Houston, Tex., June 9, 1939, which appears in the Appendix.]

LABOR CONDITIONS IN THE PHILIPPINES—ARTICLE BY H. FORD WILKINS

[Mr. GIBSON asked and obtained leave to have printed in the RECORD an article by H. Ford Wilkins, published in the New York Times of July 9, 1939, entitled "Philippine Labor Signs Peace Pact," which appears in the Appendix.]

PURCHASE OF FOREIGN SILVER

[Mr. TOWNSEND asked and obtained leave to have printed in the RECORD an editorial from the New York Times of July 11, 1939, relating to the purchase of foreign silver, which appears in the Appendix.]

SOCIAL SECURITY ACT—AMENDMENT

Mr. HARRISON obtained the floor.

Mr. LEE. Mr. President, will the Senator yield for a brief unanimous-consent request?

Mr. HARRISON. Yes; I yield for that purpose.

Mr. LEE. I understand that the social-security bill is coming up today. I wish to offer an amendment to the bill which will be here presently, and which I ask to have printed and lie on the table.

The amendment is a substitute for the part of the bill providing for old-age pensions to the needy and State matching. The amendment which I offer provides an outright Federal pension of \$40 a month to all persons 60 or more years of age who are not gainfully employed.

I ask unanimous consent to have the amendment printed and lie on the table, to be taken up at the proper time.

The VICE PRESIDENT. Without objection, it is so ordered.

AMENDMENT OF EMERGENCY RELIEF APPROPRIATION ACT

Mr. MURRAY. Mr. President—

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Montana?

Mr. HARRISON. I yield to the Senator.

Mr. MURRAY. On my own behalf and on behalf of a group of Senators, I introduce a bill to amend the Emergency Relief Appropriation Act of 1939 to provide for the reestablishment of the prevailing rates of pay for persons employed upon work projects. I ask that the bill be referred to the Committee on Education and Labor.

Mr. ADAMS. Mr. President, I inquire of the Senator from Montana why a bill amending relief legislation should be referred to the Committee on Education and Labor.

Mr. MURRAY. Because it is a matter of legislation, and the Committee on Education and Labor is the appropriate committee to which to refer the bill.

Mr. BYRNES. Mr. President, all the legislation with reference to the Works Progress Administration has been handled by the Appropriations Committee. The act which it is sought to amend was reported from the Appropriations Committee.

Mr. KING. Mr. President, does an objection lie? If so, I object to the reference of the bill to the Committee on Education and Labor.

The VICE PRESIDENT. The Senator from Utah objects to the reference of the bill to the Committee on Education and Labor.

Mr. MURRAY. Mr. President, I understand that it is not a matter of unanimous consent, but that I have a right to have the bill referred as I have requested.

The VICE PRESIDENT. Let us see if it is a matter of right.

The Chair understands that under the rules of the Senate, when a Senator introduces a bill, it is the duty of the Chair to refer it to the proper committee. If a Senator asks to have a bill referred to a certain committee, the custom is to refer it to that committee; but, as the Chair understands, that does not take away the right of the Chair to refer the bill to the appropriate committee.

Mr. MURRAY. Mr. President, I understand that the appropriate committee is the Committee on Education and Labor.

The VICE PRESIDENT. That is a matter which the Chair will decide, unless the Senate decides otherwise.

Mr. HARRISON. Mr. President, I think I have the floor, and I prefer not to have that matter decided at this time.

The VICE PRESIDENT. The Chair thinks the Senate ought to determine at this moment to what committee the

bill shall be referred. The Senator from Montana contends that as a matter of right he is entitled to have the bill referred to the Committee on Education and Labor. The Chair thinks the Senate ought to decide at this moment whether the bill shall go to that committee or to the Appropriations Committee.

Mr. MURRAY. Mr. President, I move that the bill be referred to the Committee on Education and Labor.

Mr. ADAMS. Mr. President, I move as an amendment that the bill be referred to the Committee on Appropriations.

Mr. SCHWELLENBACH. Mr. President—

The VICE PRESIDENT. The amendment is not in order. The question is on the motion of the Senator from Montana.

Mr. SCHWELLENBACH. Mr. President, I should like to discuss the motion.

Mr. HARRISON. Mr. President, I had the floor, and I yielded it merely to permit the introduction of a bill. I did not intend to yield the floor in order that Senators might engage in a long discussion. I am very anxious to bring up the social-security bill. I ask the Senator from Montana to withhold for the present his motion with regard to the reference of this bill.

The VICE PRESIDENT. A motion is now pending, made by the Senator from Montana [Mr. MURRAY] to refer the bill to the Committee on Education and Labor.

Mr. BARKLEY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BARKLEY. Under the rules of the Senate, notwithstanding any custom with reference to Senators noting on bills the names of the committees to which they wish to have them referred, it is the duty of the Chair to send the bills to the appropriate committees. I thought the Chair was about to rule on the reference of this bill a moment ago when the motion was made. Is it in order, prior to the action of the Chair in deciding where a bill shall go, to move that it be sent to a certain committee?

The VICE PRESIDENT. The motion of the Senator from Montana is in order. The motion is that the bill be referred to the Committee on Education and Labor.

Mr. SCHWELLENBACH. Mr. President, it is true that in the past various matters with reference to the Works Progress Administration have been handled by the Committee on Appropriations. I desire, however, to read a statement which was made by the Senator from Colorado [Mr. ADAMS] on June 27, appearing at page 7960 of the CONGRESSIONAL RECORD, at which time he was asking unanimous consent with respect to restrictions on amendments to the joint resolution which was then under consideration.

The Senator from Colorado said:

I ask the Chair whether or not under the rules the relief joint resolution comes under the head of a general appropriation bill? I am hopeful the Chair will so rule. The situation has changed. Heretofore relief measures have been regarded as emergency legislation. Each one was to be the last. However, we have now reached a situation of relief appropriations being an annual event.

That is not all, Mr. President. Under the provisions of the Reorganization Act a definite agency is created for the management of public works and W. P. A. projects. So we now have set up by statute a new agency, which includes the National Youth Administration, which will continue, the National Resources Board, and the Farm Security Administration. These permanent organizations are now being taken care of by annual appropriation bills. I ask the Chair whether or not in that situation a measure to take care of such permanent agencies has now acquired the status of a regular appropriation bill, remembering that the joint resolution will take effect after the 1st of July, after the reorganization plan has gone into effect.

The Vice President, presiding, ruled against the Senator from Colorado. He then made a request for unanimous consent, and it was objected to.

I think the Senator from Colorado in that statement has very accurately described the situation which now exists after the 1st of July. This is the only situation I know of in congressional legislation in which matters of legislation as well as matters of appropriation are handled by the Appropriations Committee.

The War Department comes before the Congress and asks for legislation authorizing appropriations; and the Congress,

as a legislative matter, passes upon the question. Every other department of government comes before the Congress and has its legislation presented in a separate bill, which is referred to a separate committee. Then, when the legislative side of the matter has been agreed upon, the Departments go before the Appropriations Committee and ask for appropriations to take care of the legislative requirements.

As the Senator from Colorado pointed out in his statement on June 27, there has been a very definite recognition that we have reached a permanent situation so far as the Works Progress Administration is concerned. We cannot, consistently with every other sort of legislation we have, fail to recognize the changed situation, and fail to recognize the necessity and desirability of having committees of the Senate pass on legislative problems so far as the W. P. A. is concerned. It seems to me it would be absolutely inconsistent with every other action the Senate has taken in the past to continue this subject indefinitely in the Appropriations Committee.

I certainly do not want to cast even the semblance of a reflection upon the Appropriations Committee. So far as I am concerned, I do not know anybody who tries more ardently than does the Senator from Colorado [Mr. ADAMS] to be fair in his consideration of these problems. Many times I have disagreed with him; but I am always amazed at his fairness, and particularly at the fact that when he takes part in conferences he fights even for things in which he does not believe. But we have now reached the point where this subject no longer has an emergency status. Heretofore, it has always been handled in that way; but we have now reached the point where we must consider it as a regular business, and it should fit into the regular rules and the regular customs of the Senate.

Therefore, I think the motion of the Senator from Montana [Mr. MURRAY] should prevail.

Mr. BYRNES. Mr. President, I merely wish to say that in the House a bill similar to that proposed by the Senator from Montana has, according to my information, already been referred to the Committee on Appropriations. I submit that if the bill introduced by the Senator from Montana should not be referred to the Committee on Appropriations of the Senate, there is no other committee to which it should be referred other than the Committee on Unemployment, which by the Senate was instructed to report legislation referring to unemployment. I believe the bill should go to the Committee on Appropriations, because a subcommittee of that committee, and the Committee on Appropriations as a whole, have considered the very legislation which it is sought now to amend.

Mr. ADAMS. Mr. President, as the chairman of the subcommittee which handled the relief bill I wish to say just a word. Very obviously in the request for the reference of the bill there is an implication as to the attitude of the Committee on Appropriations. The Senator from Montana obviously feels that he can secure certain considerations from another committee which could not be secured from the Committee on Appropriations. I call his attention to the fact that he is interested in the establishment of the prevailing wage, provision for which was adopted by the Senate, and the Committee on Appropriations stood by it. The Senator from Montana has no right to cast a reflection upon the Committee on Appropriations by asking for a reference which, in itself, is a reflection upon that committee.

So far as the committee is concerned, I know the members of the committee would be delighted to be spared this burden; it is not a pleasant undertaking. But, speaking for myself, and I think for other members of the committee, we resent the implication that the committee would not carry out its functions as it should.

Mr. MURRAY. Mr. President, I have no desire to cast any reflection upon the able Senator who is the chairman of the subcommittee of the Committee on Appropriations, or to obtain any advantage whatever.

Mr. ADAMS. The Senator knows I have voted for prevailing wage legislation whenever it has been presented.

Mr. MURRAY. The only purpose I had in mind was to have the bill referred to what I considered to be the appropriate committee. I had only that in mind, and nothing impelled me to attempt to sidetrack it, or short circuit it, as the Senator has stated. I had only a desire to have the bill considered by the committee which is provided by the Senate for the consideration of a legislative matter of this kind.

Mr. BARKLEY. Mr. President, I have no interest, except from a legislative standpoint, in what committee considers any bill. I think that the Senate ought to have more definite rules with respect to the assignment of bills. As the Chair knows, I have never agreed that the Chair is under any moral or legislative or parliamentary obligation to refer any bill to a committee to which it should not go simply because the introducer puts the name of such a committee on the bill. I think the Senate ought to have a rule about that matter. Failure to observe some form of rule with respect to the propriety of the assignment of bills really interferes with the appropriate consideration of legislation.

I voted for the prevailing-wage provision when the legislation was before us recently, and I have voted for it uniformly. Three or four years ago there was a fight on the floor of the Senate about the prevailing wage, but it was settled by an amendment which the Senate adopted, and which has been in the law ever since.

The Committee on Appropriations has reported the relief bill each time with the prevailing-wage provision in it. It was the House which inserted the language to which objection has been made, and the bill came to the Senate from the House with the so-called security-wage provision in it, and on the floor of the Senate we almost unanimously adopted an amendment substituting what has been in force for 3 or 4 years, the prevailing-wage provision, in lieu of the House language.

I understand that when the bill went to conference the Senate conferees fought for the retention of the Senate amendment as long as they reasonably could. The House conferees were obdurate and would not concede, and in view of the limitation of time under which we were all operating, the Senate conferees were compelled to yield.

I feel that, in view of the record of the Committee on Appropriations with respect to this legislation, not only on the point referred to, but the fact that it has always considered it even when there were legislative provisions in the measures under consideration in addition to the mere appropriation—and there had to be legislative provisions in order to fix the terms of the appropriation—I feel that the bill should be considered by the Committee on Appropriations. The bill has been referred to the Committee on Appropriations in the House and will be considered by that committee, and if we change the rule in the Senate now and refer amendments such as the one now suggested to some other committee, we may create a situation which will cause disharmony between the committees of the two Houses which have heretofore been dealing with the proposed legislation.

For these reasons I feel constrained to vote against the motion to refer the bill to the Committee on Education and Labor.

Mr. KING. Mr. President, before a vote is taken I desire to invite the attention of the Senate to an occurrence in the city of Minneapolis to which reference is made in this morning's press.

It appears that a large number of Works Progress Administration employees, engaged in what is commonly called a strike, and interfered with other Works Progress Administration employees who refused to strike. The striking employees assaulted some persons who continued at work, and killed a patrolman who was attempting to protect those employees who were loyal to their employer—the Government of the United States. The reports in the press state that three patrolmen were beaten; one of them was knocked down and one, Gearty, received injuries from which he died in the general hospital an hour after he was beaten. The newspaper reports state that an armored police car came to the rescue of the persons who were assailed and escorted

the patrolman and a Mr. Fisher to the city hall. It is claimed that some 300 pickets immediately stormed into the corridors, threatened the police and Fisher with violence, and Fisher was held in jail for his own protection and later taken to the general hospital. Fisher was a Works Progress Administration worker but a nonstriker.

Senators will draw from the published reports such conclusions as they regard as warranted. If the press has correctly described the incident referred to, then it would seem that the conduct of the strikers cannot be defended.

I ask to have inserted in the RECORD the statement appearing in the Philadelphia Inquirer of this date in order that Senators may be advised of the incident referred to.

The VICE PRESIDENT. Is there objection?

There being no objection, the article was ordered to be printed in the RECORD as follows:

[From the Philadelphia Inquirer of July 11, 1939]

POLICEMAN DIES AFTER BEATING IN W. P. A. RIOT; A. F. L. THREATENS ENDLESS STRIKES AGAINST LAW—VIOLENCE IS FIRST IN NATION

MINNEAPOLIS, MINN., July 10.—Violence that brought death to a policeman climaxed the W. P. A. strike in Minneapolis today. Injured in the riot were two other policemen and a nonstriking W. P. A. worker the three officers were escorting through jeering and threatening crowds of pickets.

The fight that ended fatally for Patrolman John B. Gearty developed in the second disturbance of a day marking the first violence in the Nation-wide strikes.

Dr. G. W. Gallerstrom, who conducted a post mortem tonight, said Gearty died from coronary sclerosis. He was unable to stand the excitement and the beating he was given by angry strikers because of a poor heart condition, the physician said.

VICTIM PUMMELED

His companion, Patrolman Paul Larson, said Gearty was pummeled over the head and shoulders by at least a half dozen men as they tried to put Frank Fischer, 45, the nonstriking W. P. A. worker, on a street car for home.

Gearty died in General Hospital. He had suffered a head injury. Fischer was X-rayed for possible head injuries and released from the hospital. Larson was struck across the neck, but not seriously hurt.

In Minneapolis, the "hot spot" of the W. P. A. strike, little work was done on relief projects. Roving bands of pickets, traveling in cars and visiting all outdoor construction projects every half hour, kept virtually all of the 8,000 workers on construction jobs off the projects.

PICKETS STORM SCHOOL

But white-collar projects, a historical research employing 180 men and women at Trudeau School, and a sewing project employing 200 continued in operation.

This morning 75 to 100 pickets stormed the Trudeau School, shouting to the workers to "Close up! Close up!" Police arrived in time to disperse the pickets after a disturbance that, compared to what came later, was minor. One worker was pummeled and his clothes ripped from his back, but no one was injured seriously.

But at noon, as the sewing-project workers prepared to leave, there was an ominous gathering of pickets. A human barricade of men and women, numbering 300 or more and massed tightly, blocked the entrance to the building at 123 Second Street North.

Approximately 30 policemen, including officers recruited from traffic duty, arrived to escort workers through the lines.

POLICE RESCUE WORKERS

There were jeers and threats, but no violence until Fischer, 45, machinist on the project, tried to leave the building. Pickets leaped on Fischer and pummeled him badly. Patrolmen Larson and Arthur Miller came to Fischer's aid.

They took him through the throng to a streetcar, but the motorman, fearing violence from the dense crowd milling about, refused to open the gates.

A moment later a wild fight broke out. Patrolman Gearty came to the aid of his mates. The three patrolmen were beaten with fists. Larson was knocked down and Gearty was pinned against an automobile. No weapons were used, but fists flew wildly.

An armored police car came to the rescue and escorted the patrolmen and Fischer to the city hall. There some 300 pickets stormed into the corridors, calling names and threatening the police and Fischer with violence. Fischer was held in jail "for his own protection," and later was taken to General Hospital. Chief Frank Forstall ordered the pickets to disperse and a force of 30 or more policemen backed them out of the building.

RAID WORKERS ALLIANCE

Soon afterward Gearty complained of a severe headache. He was taken to General Hospital, where he died an hour later.

This evening a force of 30 policemen raided the headquarters of the Workers Alliance, W. P. A. union, but made no arrests.

Thousands of strikers and a liberal sprinkling of the curious gathered at the Parade, a municipal playground, tonight for a mass meeting sponsored by the Workers Alliance. There speakers from the Alliance, A. F. of L. unions representing skilled building trades-

men involved in the strike, and C. I. O. spokesmen urged a continuance of the strike.

Policemen were on duty, but aside from oral violence, the gathering was peaceful.

UNION DEFIES CHIEF

In anticipation of more trouble tomorrow, Chief Forestal ordered all policemen, detectives, and plainclothesmen from the night and middle shifts to report at the city hall tomorrow morning. He canceled leaves of 100 policemen.

The Workers Alliance late tonight issued a call for a meeting at 5 a. m. as a preliminary to a march on the city hall at 10 a. m.

The police chief said he would not permit the march.

Gearty's was the first death in the wake of street fighting here since the truck strike of 1934, when two special deputies were slain.

THE VICE PRESIDENT. The question is on the motion of the Senator from Montana [Mr. MURRAY] to refer the bill introduced by him to the Committee on Education and Labor.

Mr. MURRAY. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. MINTON. I announce that the Senator from New Jersey [Mr. SMATHERS] is detained from the Senate because of illness in his family.

The Senator from North Carolina [Mr. BAILEY], the Senator from Alabama [Mr. BANKHEAD], the Senator from Michigan [Mr. BROWN], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Missouri [Mr. CLARK], the Senator from Delaware [Mr. HUGHES], the Senator from Nevada [Mr. McCARRAN], the Senator from Florida [Mr. PEPPER], and the Senator from Georgia [Mr. RUSSELL] are absent on important public business.

The Senator from Washington [Mr. BONE], the Senator from Idaho [Mr. CLARK], the Senator from Ohio [Mr. DONAHAY], the Senator from Arizona [Mr. HAYDEN], the Senator from West Virginia [Mr. HOLT], the Senator from Nevada [Mr. PITTMAN], the Senator from Connecticut [Mr. MALONEY], and the Senator from Illinois [Mr. SLATTERY] are detained in various Government departments on matters pertaining to their respective States.

The Senator from Illinois [Mr. LUCAS] and the Senator from Montana [Mr. WHEELER] are detained in important committee meetings.

The Senator from Washington [Mr. BONE] is paired with the Senator from North Carolina [Mr. BAILEY]. I am advised that the Senator from Washington, if present and voting, would vote "yea" and the Senator from North Carolina would vote "nay."

Mr. AUSTIN. The Senator from Ohio [Mr. TAFT] is detained on official business.

The Senator from New Hampshire [Mr. TOBEY] is necessarily absent. He has a general pair with the Senator from Florida [Mr. PEPPER].

Mr. CONNALLY. The senior Senator from Arizona [Mr. ASHURST] is absent on account of illness in his family.

The result was announced—yeas 21, nays 52, as follows:

YEAS—21

Bilbo	La Follette	Neely	Thomas, Utah
Borah		Norris	Wagner
Davis	Lundeen	Schwartz	Walsh
Frazier	Mead	Schwellenbach	
Gillette	Minton	Shipstead	
Guffey	Murray	Thomas, Okla.	

NAYS—52

Adams	Danaher	Hill	Radcliffe
Andrews	Downey	Holman	Reed
Austin	Ellender	Johnson, Calif.	Reynolds
Barbour	George	Johnson, Colo.	Sheppard
Barkley	Gerry	King	Smith
Bridges	Gibson	Lodge	Stewart
Bulow	Glass	Logan	Townsend
Burke	Green	McKellar	Truman
Byrd	Gurney	McNary	Tydings
Byrnes	Hale	Miller	Vandenberg
Capper	Harrison	Nye	Van Nuys
Chavez	Hatch	O'Mahoney	White
Connally	Herring	Overton	Wiley

NOT VOTING—23

Ashurst	Clark, Idaho	Lucas	Slattery
Bailey	Clark, Mo.	McCarran	Smathers
Bankhead	Donahay	Maloney	Taft
Bone	Hayden	Pepper	Tobery
Brown	Holt	Pittman	Wheeler
Caraway	Hughes	Russell	

So Mr. MURRAY's motion was rejected.

The bill (S. 2765) to amend the Emergency Relief Appropriation Act of 1939 to provide for the reestablishment of the prevailing rates of pay for persons employed upon work projects introduced by Mr. MURRAY (for himself and Mr. McCARRAN, Mr. WAGNER, Mr. MEAD, Mr. GUFFEY, Mr. SCHWELLENBACH, Mr. NEELY, Mr. DOWNEY, Mr. DONAHAY, Mr. BILBO, Mr. SMATHERS, Mr. TRUMAN, Mr. SCHWARTZ, Mr. MINTON, Mr. WHEELER, Mr. O'MAHONEY, Mr. BROWN, Mr. GILLETTE, Mr. BORAH, Mr. LA FOLLETTE, Mr. VAN NUYS, and Mr. GREEN), was read twice by its title and referred to the Committee on Appropriations.

MISSISSIPPI RIVER BRIDGE—DUBUQUE AND EAST DUBUQUE

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 955) creating the City of Dubuque Bridge Commission and authorizing said Commission and its successors to purchase and/or construct, maintain, and operate a bridge or bridges across the Mississippi River at or near Dubuque, Iowa, and East Dubuque, Ill., which were, on page 2, line 3, to strike out all after "navigation," down to and including "1906", in line 6; on page 2, lines 8 and 9, after "purchase," to insert "reconstruct,"; on page 2, line 21, after "such," to insert "privately owned"; and on page 3, line 17, after "purchased", to insert a comma and "reconstruct,"; on page 4, line 9, to strike out "their respective dates" and insert "the date of approval of this act"; on page 4, line 21, to strike out "twenty" and insert "thirty"; on page 4, line 22, to strike out "date of the bonds" and insert "approval of this act"; on page 8, line 13, to strike out all after "the" where it appears the second time, down to and including "Agriculture" in line 14, and insert "Public Roads Administration of the Federal Works Agency"; on page 9, line 8, to strike out all after "the" where it appears the first time, down to and including "Agriculture" in line 9, and insert "Commissioner of Public Roads, Federal Works Agency"; on page 11, line 22, after "Commission", to strike out all over to and including "management" in lines 1 and 2 on page 12, and insert "as a free bridge"; on page 12, lines 18 and 19, to strike out "Secretary of Agriculture" and insert "Federal Works Administrator"; on page 13, line 20, to strike out "Secretary of Agriculture" and insert "Federal Works Administrator"; on page 14, line 1, to strike out "Secretary of Agriculture" and insert "Federal Works Administrator"; on page 15, lines 14 and 15, to strike out "Chief of the Bureau" and insert "Commissioner"; on page 18, after line 18, to insert:

SEC. 14. Any bridge or bridges constructed, acquired, or reconstructed under authority of this act shall be constructed, maintained, and operated in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, notwithstanding any provisions contained herein to the contrary.

And, on page 18, line 19, to strike out "14" and insert "15."

Mr. GILLETTE. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

EGON KARL FREIHERR VON MAUCHENHEIM AND MARGARETE VON MAUCHENHEIM

Mr. BARKLEY. Mr. President, will the Senator from Mississippi yield?

Mr. HARRISON. I yield.

Mr. BARKLEY. On Thursday last the Senate agreed to an amendment of the House of Representatives to Senate bill 1384, for the relief of Egon Karl Freiherr von Mauchenheim and Margarete von Mauchenheim.

The State Department advises that there is an error in the House amendment, and that the words "one number" in the following sentence should read "two numbers," viz:

Upon the enactment of this act the Secretary of State shall instruct the proper quota-control officer to deduct one number from the preference category of the quota during the current year.

I therefore ask unanimous consent that the vote agreeing to the House amendment be reconsidered, that the words "one number" in the House amendment be amended to read "two numbers," and that, as amended, the House amendment be agreed to.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the vote by which the House amendment was agreed to is reconsidered, and the amendment to the amendment of the House submitted by the Senator from Kentucky is agreed to, and the House amendment as amended by the Senate is agreed to.

The House amendment to Senate bill 1384, as amended by the Senate, is to strike out all after the enacting clause and insert:

That the Secretary of Labor be, and is hereby, authorized and directed to record the permanent residence of Egon Karl Frieherr von Mauchenheim and Margarete von Mauchenheim as of May 19, 1936, and that the order of deportation be canceled, and Egon Karl Freiherr von Mauchenheim and Margarete von Mauchenheim shall not again be subject to deportation proceedings for the reasons set forth in said warrant, and that by the terms of this act they shall not be permitted to become a naturalized citizen of the United States unless and until they shall leave the United States and reenter in a lawful way in full compliance with the existing law.

Upon the enactment of this act the Secretary of State shall instruct the proper quota-control officer to deduct two numbers from the preference category of the quota during the current year.

AMENDMENT OF SOCIAL SECURITY ACT

Mr. HARRISON. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside and that House bill 6635, to amend the Social Security Act, and for other purposes, be taken up by the Senate for consideration.

The VICE PRESIDENT. Is there objection to the request of the Senator from Mississippi?

Mr. NEELY. Mr. President, reserving the right to object, will the Senator from Mississippi yield to me in order that I may propound an inquiry to the majority leader, the Senator from Kentucky [Mr. BARKLEY].

Mr. HARRISON. I yield.

Mr. NEELY. My inquiry is this: Provided there is no objection to the request of the Senator from Mississippi, may I be assured that at the conclusion of the consideration of House bill 6635 no effort will be made or approved by the majority leader further to displace S. 280, the so-called moving-picture bill, with any other proposed legislation, excepting actual emergency measures?

Mr. BARKLEY. And conference reports?

Mr. NEELY. Certainly; including conference reports and other privileged matters. If I may have this assurance, I shall withhold my objection. Otherwise, I shall be compelled to make it.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. BARKLEY. In the first place, let me say that there has been no effort made to sidetrack consideration of Senate bill 280. When it was taken up it was understood by every Member of the Senate that emergency matters, such as the relief bill, the monetary bill, and the social security bill, would be taken up if they came before the Senate. Automatically Senate bill 280, without any motion, is the unfinished business as soon as the bill referred to by the Senator from Mississippi is disposed of. It comes up automatically, as I understand, when it is laid aside temporarily and action has been completed on the matter for which it was laid aside. So far as I am concerned, I have not only no intention but no desire in any way to interfere with the consideration of that bill, because I imagine I am as anxious as are other Members of the Senate to have it disposed of one way or the other at the earliest possible date. I do not know of any emergency matter that would come in unless it is a conference report or something of that sort.

The VICE PRESIDENT. The Chair understands that the Senator from Mississippi asks unanimous consent temporarily to lay aside the unfinished business in order that he may ask for consideration of House bill 6635. Is there objection?

Mr. NEELY. Mr. President, in view of the statement of the Senator from Kentucky, which I construe to mean that he will not countenance any effort that may be made further to displace Senate bill 280 and that in the absence of emergency legislation, and privileged matters, we shall proceed to the consideration of this bill just as soon as the social-security bill is out of the way. I withhold my objection.

Mr. CONNALLY. Mr. President, a parliamentary inquiry. The VICE PRESIDENT. The Senator will state it.

Mr. CONNALLY. Is it not in order to move to displace the unfinished business and take up the bill proposing to amend the Social Security Act?

The VICE PRESIDENT. Of course, such a motion is in order. The Senator from Mississippi is trying to take the road of least resistance and least friction, as the Chair understands, by asking unanimous consent temporarily to lay aside the unfinished business in order that he may ask for consideration of the social-security measure.

Mr. CONNALLY. Mr. President, I should like to ask the Senator from Mississippi a question. It seems to me the conditions imposed by the Senator from West Virginia [Mr. NEELY] are so nebulous and uncertain as to extort from the majority leader some promise that if so-and-so happens and if something else happens the movie bill will not be laid aside. It is very unusual for the Senate to regulate its conduct in that way.

Mr. BARKLEY. Mr. President, if the Senator will permit me, I will say that under the rules of the Senate, when a bill which is the unfinished business is temporarily laid aside for consideration of some other bill, when that bill is disposed of, then automatically the previous unfinished business comes before the Senate for consideration.

I cannot control the activities of anyone else. Any Senator could move to take up some other bill, and if such a motion should prevail by majority vote the consideration of that bill would displace the unfinished business. I certainly have no intention or desire to do such a thing, and if any other Senator attempts to do it, it will not be done with my consent, unless it is an emergency matter which could not be delayed.

I hope that satisfies the Senator.

The VICE PRESIDENT. Is there objection to the request of the Senator from Mississippi [Mr. HARRISON]?

There being no objection, the Senate proceeded to consider the bill (H. R. 6635) to amend the Social Security Act, and for other purposes, which had been reported from the Committee on Finance, with amendments.

Mr. HARRISON. Mr. President, now that the social-security measure is before the Senate I am informed by the Senator from Louisiana [Mr. OVERTON] that he wishes to present a conference report on the District of Columbia revenue bill and that it must go before the House at an early date, because it is a very urgent and necessary matter.

The VICE PRESIDENT. The Senator from Mississippi has asked unanimous consent that the social-security measure be considered. That request has been agreed to, and the measure is now pending before the Senate. Does the Senator from Mississippi wish to have the formal reading of the bill dispensed with and the bill read for amendments?

Mr. HARRISON. I ask unanimous consent that the formal reading of the bill be dispensed with, that it be read for amendment, and that the committee amendments be first considered.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. HARRISON. Mr. President, I wish to accommodate the Senator from Louisiana. I have no objection to the consideration of the conference report, at the conclusion of which I shall explain the details of the social-security measure briefly and answer any questions that may be asked with respect to it.

DISTRICT OF COLUMBIA TAXES—CONFERENCE REPORT (S. DOC. NO. 92)

Mr. OVERTON submitted the following report, which was ordered to be printed as a Senate document:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6577) to provide revenue for the District of Columbia, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment as

follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"TITLE I—FEDERAL PAYMENT

"For the fiscal year ending June 30, 1940, and for each fiscal year thereafter, there shall be appropriated, out of any money in the Treasury not otherwise appropriated, as the annual payment by the United States toward defraying the expenses of the government of the District of Columbia, the sum of \$6,500,000.

"TITLE II—INCOME TAX

"This title divided into sections and paragraphs according to the following table of contents, may be cited as the 'District of Columbia Income Tax Act':

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- "Sec. 11. Period in which items of gross income included.
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- "Sec. 13. Installment basis.
 - "(a) Dealers in personal property.
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- "Sec. 14. Inventories.
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- "Sec. 22. Returns to be preserved.
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 - "(g) Definition of 'In discretion of grantor.'
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- "Sec. 25. Partnerships.
 - "(a) Partners only taxable.
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- "Sec. 30. Assessment and collection of deficiencies.
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 - "(c) Definition of 'person.'
 - "(d) No fraud penalty if full disclosure made.
- "Sec. 43. Definitions.

"APPLICATION OF TITLE

"SECTION 1. The provisions of this title shall apply to the taxable year 1939 and succeeding taxable years, except that in the case of a taxable year beginning in 1938 and ending in 1939 the income taxable under this title shall be that fraction of the income for the entire fiscal year equal to the number of days remaining in the fiscal year after January 1, 1939, divided by three hundred and sixty-five: *Provided, however*, That if the taxpayer's records properly reflect the income for that part of the fiscal year falling in the calendar year 1939, then the portion of the fiscal year's income taxable hereunder shall be the portion received or accrued during the calendar year 1939.

"IMPOSITION OF TAX

"SEC. 2. (a) Tax on individuals: There is hereby levied for each taxable year upon the taxable income of every individual domiciled in the District of Columbia on the last day of the taxable year a tax at the following rates:

- "One per centum on the first \$5,000 of taxable income.
- "One and one-half per centum on the next \$5,000 of taxable income.
- "Two per centum on the next \$5,000 of taxable income.
- "Two and one-half per centum on the next \$5,000 of taxable income.

"Three per centum on the taxable income in excess of \$20,000.

"(b) Tax on corporations: There is hereby levied for each taxable year upon the taxable income from District of Columbia sources of every corporation, whether domestic or foreign (except those organizations expressly exempt under paragraph (d) of this section), a tax at the rate of 5 per centum thereof.

"(c) Definition of 'taxable income': As used in this section, the term 'taxable income' means the amount of the net income in excess of the credits against net income provided in section 9 of this title.

"(d) Exemptions from tax: There shall be exempt from taxation under this title the following organizations: Corporations, including any community chest, fund, foundation, cemetery, association, teachers' retirement fund association, church, or club, organized and operated exclusively for religious, charitable, scientific, literary, educational, or social purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation; and labor organizations, trade associations, boards of trade, chambers of commerce, citizens' associations or organizations, not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual; banks, insurance companies, building and loan associations, and companies, incorporated or otherwise, which guarantee the fidelity of any individual or individuals, such as bonding companies, all of which pay taxes upon gross premiums or earnings under existing laws of the District of Columbia; and voluntary employees' beneficiary associations providing for the payment of life, sick, accident, or other benefits to the members of such associations or their dependents, if (1) no part of their net earnings inures (other than such payments) to the benefit of any private shareholder or individual, and (2) 85 per centum or more of the income consists of amounts collected from members for the sole purpose of making such payments and meeting expenses.

"NET INCOME

"SEC. 3. Definition: The term 'net income' means the gross income of a taxpayer less the deductions allowed by this title.

"GROSS INCOME AND EXCLUSIONS THEREFROM

"SEC. 4. (a) Of individuals: The words 'gross income,' as used in this title, include gains, profits, and income derived from salaries,

wages, or compensation for personal services of whatever kind and in whatever form paid, including salaries, wages, and compensation paid by the United States to its officers and employees to the extent the same is not immune from taxation under the Constitution, or income derived from professions, vocations, trades, businesses, commerce, or sales or dealings in property, whether real or personal, growing out of the ownership, or use of, or interest in, such property; also from rent, royalties, interest, dividends, securities, or transactions of any business carried on for gain or profit, or gains or profits, and income derived from any source whatever.

"(b) Of corporations: In the case of any corporation, gross income includes only the gross income from sources within the District of Columbia. The proper apportionment and allocation of income with respect to sources of income within and without the District may be determined by processes or formulas of general apportionment under rules and regulations prescribed by the Commissioners.

"(c) Exclusions from gross income: The following items shall not be included in gross income and shall be exempt from taxation under this title:

"(1) Life insurance: Amounts received under a life-insurance contract paid by reason of the death of the insured, whether in a single sum or otherwise (but if such amounts are held by the insurer under an agreement to pay interest thereon, the interest payments shall be included in gross income).

"(2) Annuities, and so forth: Amounts received (other than amounts paid by reason of the death of the insured and interest payments on such amounts and other than amounts received as annuities) under a life-insurance or endowment contract, but if such amounts (when added to amounts received before the taxable year under such contract) exceed the aggregate premiums or consideration paid (whether or not paid during the taxable year) then the excess shall be included in gross income. Amounts received as an annuity under an annuity or endowment contract shall be included in gross income; except that there shall be excluded from gross income the excess of the amount received in the taxable year over an amount equal to 3 per centum of the aggregate premiums or consideration paid for such annuity whether or not paid during such year, until the aggregate amount excluded from gross income under this title in respect to such annuity equals the aggregate premiums or consideration paid for such annuity. In the case of a transfer for a valuable consideration, by assignment or otherwise, of a life-insurance, endowment, or annuity contract, or any interest therein, only the actual value of such consideration and the amount of the premiums and other sums subsequently paid by the transferee shall be exempt from taxation under paragraph (1) or this paragraph.

"(3) Gifts, bequests, and devises: The value of property acquired by gift, bequest, devise, or inheritance (but the income from such property shall be included in gross income).

"(4) Tax-free interest: Interest upon (A) the obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia; or (B) obligations of a corporation organized under Act of Congress, if such corporation is an instrumentality of the United States; or (C) the obligations of the United States or its possessions.

"(5) Compensation for injuries or sickness: Amounts received, through accident or health insurance or under workmen's compensation acts, as compensation for personal injuries or sickness, plus the amount of any damages received, whether by suit or agreement on account of such injuries or sickness.

"(6) Ministers: The rental value of a dwelling house and appurtenances thereof furnished to a minister of the gospel as part of his compensation.

"(7) Income exempt under treaty: Income of any kind to the extent required by any treaty obligation of the United States.

"(8) Dividends from China Trade Act corporations: In the case of a person, amounts distributed as dividends to or for his benefit by a corporation organized under the China Trade Act, 1922, if, at the time of such distribution, he is a resident of China, and the equitable right to the income of the shares of stock of the corporation is in good faith vested in him.

"(9) Income of foreign governments.

"DEDUCTIONS FROM GROSS INCOME

"Sec. 5. (a) Items of deduction: In computing net income there shall be allowed as deductions:

"(1) Expenses: All the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including a reasonable allowance for salaries or other compensation for personal services actually rendered; traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business; and rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity.

"(2) Interest: All interest paid or accrued within the taxable year on indebtedness.

"(3) Taxes: Taxes paid or accrued within the taxable year, except—

"(A) income taxes;

"(B) estate, inheritance, legacy, succession, and gift taxes;

"(C) taxes assessed against local benefits of a kind tending to increase the value of the property assessed; but this paragraph shall

not exclude the allowance as a deduction of so much of such taxes as is properly allocable to maintenance or interest charges; and

"(D) taxes paid to any State or Territory on property, business, or occupation the income from which is not taxable under this title.

"(4) Losses in trade or business: Losses sustained during the taxable year and not compensated for by insurance or otherwise, if incurred in trade or business, the income from which is subject to taxation under this title.

"(5) Losses in transactions for profit: Losses sustained during the taxable year and not compensated for by insurance or otherwise, if incurred in any transaction entered into for profit would be subject to taxation under this title, though not connected with the trade or business.

"(6) Intercompany dividends: In the case of a corporation, the amount received as dividends from a corporation which is subject to taxation under this title.

"(7) Bad debts: Debts ascertained to be worthless and charged off within the taxable year or, in the discretion of the assessor, a reasonable addition to a reserve for bad debts; and when satisfied that a debt is recoverable only in part, the assessor may allow such debt, in an amount not in excess of the part charged off within the taxable year, as a deduction.

"(8) Insurance premiums: All fire-, tornado-, and casualty-insurance premiums paid during the taxable year in connection with property held for investment or business.

"(9) Depreciation: A reasonable allowance for exhaustion, wear, and tear of property used in the trade or business, including a reasonable allowance for obsolescence; and including in the case of natural resources allowances for depletion as permitted by reasonable rules and regulations which the Commissioners are hereby authorized to promulgate.

"(10) Charitable contributions: Contributions or gifts actually paid within the taxable year to or for the use of any corporation, or trust, or community fund, or foundation, maintaining activities in the District of Columbia and organized and operated exclusively for religious, charitable, scientific, literary, military, or educational purposes, no part of the net income of which inures to the benefit of any private shareholder or individual: *Provided*, That such deductions shall be allowed only in an amount which in all of the above cases combined does not exceed 15 per centum of the taxpayer's net income as computed without the benefit of this subparagraph.

"(11) Wagering losses: Losses from wagering transactions shall be allowed only to the extent of the gains from such transactions.

"(b) Allocation of deductions: In the case of a taxpayer, other than an individual, the deductions allowed in this section shall be allowed only for and to the extent that they are connected with income arising from sources within the District and taxable under this title to a nonresident taxpayer; and the proper apportionment and allocation of the deductions with respect to sources of income within and without the District shall be determined by processes or formulas of general apportionment under rules and regulations to be prescribed by the Commissioners. The so-called charitable contribution deduction allowed by subparagraph (10) of paragraph (a) of this section shall be allowed whether or not connected with income from sources within the District.

"(c) Corporations and nonresident individuals to file return of total income: A corporation shall receive the benefits of the deductions allowed to it under this title only by filing or causing to be filed with the assessor a true and accurate return of its total income received from all sources, whether within or without the District.

"GAINS OR LOSSES FROM SALE OF ASSETS

"Sec. 6. (a) Gain or loss in capital assets not recognized: No gain or loss from the sale or exchange of a capital asset shall be recognized in the computation of net income under this title. For the purposes of this title, 'capital assets' means property held by the taxpayer for more than two years (whether or not connected with his trade or business) but does not include stock in trade of the taxpayer or other property of a kind which would properly be included in the inventory of a taxpayer if on hand at the close of the taxable year, or property held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business.

"(b) Gain or loss in assets other than capital: Gains or losses from the sale or exchange of property other than a capital asset shall be treated in the same manner as other income or deductible losses, and the basis for computing such gain or loss shall be the cost of such property or, if acquired by some means other than purchase, the fair market value thereof at the date of acquisition.

"EXCHANGES

"Sec. 7. Where property is exchanged for other property, the property received in exchange for the purpose of determining the gain or loss shall be treated as the equivalent of cash to the amount of its fair market value; but when in connection with the reorganization, merger, or consolidation of a corporation a taxpayer receives, in place of stock or securities owned by him, new stock or securities of the reorganized, merged, or consolidated corporation, no gain or loss shall be deemed to occur from the exchange until the new stock or securities are sold or realized upon and the gain or loss is definitely ascertained, until which time the new stock or securities received shall be treated as taking the place of the stock and securities exchanged; provided such reorganization, merger, or consolidation is a "reorganization" within the meaning of the term "reorganization" as defined in section 112 (g) of the Federal Revenue Act of 1936.

"DEDUCTIONS NOT ALLOWED"

"Sec. 8. (a) General rule: In computing net income no deductions shall be allowed in any case in respect to—

"(1) personal, living, or family expenses;

"(2) any amount paid out for new buildings or for permanent improvements or betterments, made to increase the value of any property or estate;

"(3) any amount expended in restoring property or in making good the exhaustion thereof for which an allowance is or has been made; and

"(4) premiums paid on any life-insurance policy covering the life of any officer or employee or of any person financially interested in any trade or business carried on by the taxpayer when the taxpayer is directly or indirectly a beneficiary under such policy.

"(b) Holders of life or terminable interest: Amounts paid under the laws of any State, Territory, District of Columbia, possession of the United States, or foreign country as income to the holder of a life or terminable interest acquired by gift, bequest, or inheritance shall not be reduced or diminished by any deduction for shrinkage (by whatever name called) in the value of such interest due to the lapse of time, nor by any deduction allowed by this Act (except the deductions provided for in subsections (1) and (m) of section 23 of the Federal Revenue Act of 1926 as amended) for the purpose of computing the net income of an estate or trust but not allowed under the laws of such State, Territory, District of Columbia, possession of the United States, or foreign country for the purpose of computing the income to which such holder is entitled.

"PERSONAL EXEMPTIONS AND CREDIT FOR DEPENDENTS"

"Sec. 9. (a) Credits: There shall be allowed to individuals the following credits against net income:

"(1) Personal exemption: In the case of a single person or married person not living with husband or wife, a personal exemption of \$1,000; in the case of the head of a family or a married person living with husband or wife, a personal exemption of \$2,500; a husband and wife living together shall receive but one personal exemption, the amount of such personal exemption shall be \$2,500. If such husband and wife make separate returns the personal exemption may be taken by either or divided between them.

"(2) Credit for dependents: \$400 for each person (other than husband or wife) dependent upon and receiving his chief support from the taxpayer if such dependent person is under eighteen years of age or is incapable of self-support because mentally or physically defective.

"(b) Change of status: If the status of the taxpayer, insofar as it affects personal exemption or credit for dependents, changes during the taxable year, the personal exemption and credit shall be apportioned under rules and regulations prescribed by the Commissioners, in accordance with the number of months before and after such change. For the purpose of such apportionment a fractional portion of a month shall be disregarded unless it amounts to more than half a month in which case it shall be considered as a month.

"(c) In return for fractional part of year: In the case of a return made for a fractional part of a year, the personal exemption and credit for dependents shall be reduced respectively to amounts which bear the same ratio to the full credits provided as the number of months in the period for which the return is made bears to twelve months.

"ACCOUNTING PERIODS"

"Sec. 10. The net income shall be computed upon the basis of the taxpayer's annual accounting period (fiscal year or calendar year, as the case may be) in accordance with the method of accounting regularly employed in keeping the books of such taxpayer; but if no such method of accounting has been so employed, or if the method employed does not clearly reflect the income, the computation shall be made in accordance with such method as in the opinion of the assessor does clearly reflect the income. If the taxpayer's annual accounting period is other than a fiscal year as defined in section 43 or if the taxpayer has no annual accounting period or does not keep books, the net income shall be computed on the basis of the calendar year. If the taxpayer makes a Federal income-tax return, his income shall be computed, for the purposes of this title, on the basis of the same calendar or fiscal year as in such Federal income-tax return.

"PERIOD IN WHICH ITEMS OF GROSS INCOME INCLUDED"

"Sec. 11. The amount of all items of gross income shall be included in the gross income for the taxable year in which received by the taxpayer unless, under methods of accounting permitted under section 10, any such amounts are to be properly accounted for as of a different period. In the case of the death of a taxpayer there shall be included, in computing net income for the taxable period in which falls the date of his death, amounts accrued up to the date of his death if not otherwise properly includible in respect to such period or a prior period.

"PERIOD FOR WHICH DEDUCTIONS AND CREDITS TAKEN"

"Sec. 12. The deductions and credits provided for in this title shall be taken for the taxable year in which 'paid or accrued' or 'paid or incurred', dependent upon the method of accounting upon the basis of which the net income is computed unless, in order to clearly reflect the income, the deductions or credits should be taken as of a different period. In the case of the death of a taxpayer there shall be allowed as deductions and credits for the taxable period in which falls the date of his death, amounts accrued up to the date of his death if not otherwise properly allowable in respect to such period or a prior period.

"INSTALLMENT BASIS"

"Sec. 13. (a) Dealers in personal property: Under regulations prescribed by the Commissioners, a person who regularly sells or otherwise disposes of personal property on the installment plan may return as income therefrom in any taxable year that proportion of the installment payments actually received in that year which the gross profit realized or to be realized when payment is completed bears to the total contract price.

"(b) Sales of realty and casual sales of personal property: In the case of (1) a casual sale or other casual disposition of personal property (other than property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year) for a price exceeding \$1,000, or (2) of a sale or other disposition of real property, if in either case the initial payments do not exceed 30 per centum of the selling price, the income may, under regulations prescribed by the Commissioners, be returned on the basis and in the manner above prescribed in this section. As used in this section the term 'initial payments' means the payments received in cash or property other than evidences of indebtedness of the purchaser during the taxable period in which the sale or other disposition is made.

"(c) Change from accrual to installment basis: If a taxpayer entitled to the benefits of subsection (a) elects for any taxable year to report his net income on the installment basis, then in computing his income for the year of change or any subsequent year, amounts actually received during any such year on account of sales or other disposition of property made in any prior year shall not be excluded.

"(d) Gain or loss upon disposition of installment obligations: If an installment obligation is satisfied at other than its face value or distributed, transmitted, sold, or otherwise disposed of, gain or loss shall result to the extent of the difference between the basis of the obligation and (1) in the case of satisfaction at other than face value or a sale or exchange—the amount realized, or (2) in case of a distribution, transmission, or disposition otherwise than by sale or exchange—the fair market value of the obligation at the time of such distribution, transmission, or disposition. Any gain or loss so resulting shall be considered as resulting from the sale or exchange of the property in respect to which the installment obligation was received. The basis of the obligation shall be the excess of the face value of the obligation over an amount equal to the income which would be returnable were the obligation satisfied in full. This paragraph shall not apply to the transmission at death of installment obligations if there is filed with the assessor, at such time as he may by regulation prescribe, a bond in such amount and with such sureties as he may deem necessary, conditioned upon the return as income, by the person receiving any payment in such obligations, of the same proportion of such payment as would be returnable as income by the decedent if he had lived and had received such payment.

"INVENTORIES"

"Sec. 14. Whenever in the opinion of the assessor the use of inventories is necessary in order clearly to determine the income of any taxpayer, inventories shall be taken by such taxpayer upon such basis as the assessor may prescribe as conforming as nearly as may be to the best accounting practice in the trade or business and as most clearly reflecting the income.

"INDIVIDUAL RETURNS"

"Sec. 15. (a) Requirement: The following individuals shall each make under oath a return stating specifically the items of his gross income and the deductions and credits allowed under this title and such other information for the purpose of carrying out the provisions of this title as the Commissioners may by regulations prescribe:

"(1) Every individual having a net income for the taxable year of \$1,000 or over, if single, or if married and not living with husband or wife;

"(2) Every individual having a net income for the taxable year of \$2,500 or over, if married and living with husband or wife; and

"(3) Every individual having a gross income for the taxable year of \$5,000 or over, regardless of the amount of his net income.

"(b) Husband and wife: If a husband and wife living together have an aggregate net income for the taxable year of \$2,500 or over, or an aggregate gross income for such year of \$5,000 or over—

"(1) Each shall make a return, or

"(2) The income of each shall be included in a single joint return, in which case the tax shall be computed on the aggregate income.

"(c) Persons under disability: If the taxpayer is unable to make his own return, the return shall be made by a duly authorized agent or by the guardian or other person charged with the care of the person or property of such taxpayer.

"(d) Fiduciaries: For returns to be made by fiduciaries, see section 23.

"CORPORATION RETURNS"

"Sec. 16. Every corporation not expressly exempt from the tax imposed by this title shall make a return and pay a filing fee of \$25 which shall be credited against the tax. Such returns shall state specifically the items of its gross income and the deductions and credits allowed by this title, and such other information for the purpose of carrying out the provisions of this title as the Commissioners may by regulations prescribe. The return shall be sworn to by the president, vice president, or other principal officer, and by the treasurer, assistant treasurer, or chief accounting officer. In cases where receivers, trustees in bankruptcy, or assignees are

operating the property or business of corporations, such receivers, trustees, or assignees shall make returns for such corporations in the same manner and form as corporations are required to make returns. Any tax due on the basis of such returns made by receivers, trustees, or assignees shall be collected in the same manner as if collected from the corporations of whose business or property they have custody and control.

"TAXPAYER TO MAKE RETURN WHETHER RETURN FORM IS SENT OR NOT"

"SEC. 17. Blank forms of returns for income shall be supplied by the assessor. It shall be the duty of the assessor to obtain an income-tax return from every taxpayer who is liable under the law to file such return; but this duty shall in no manner diminish the obligation of the taxpayer to file a return without being called upon to do so.

"TIME AND PLACE FOR FILING RETURN"

"SEC. 18. All returns of income for the preceding taxable year shall be made to the assessor on or before the 15th day of March in each year, except that such returns, if made on the basis of a fiscal year, shall be made on or before the 15th day of the third month following the close of such fiscal year, unless such fiscal year has expired in the calendar year 1939 prior to the approval of this Act, in which event returns shall be made on or before the 15th day of the third month following the approval of this Act.

"EXTENSION OF TIME FOR FILING RETURNS"

"SEC. 19. The assessor may grant a reasonable extension of time for filing income returns whenever in his judgment good cause exists and shall keep a record of every such extension. Except in case of a taxpayer who is abroad, no such extension shall be granted for more than six months, and in no case for more than one year. In the event time for filing a return is deferred, the taxpayer is hereby required to pay, as a part of the tax, an amount equal to 6 percentum per annum on the tax ultimately assessed from the time the return was due until it is actually filed in the office of the assessor.

"ALLOCATION OF INCOME AND DEDUCTIONS"

"SEC. 20. In any of two or more organizations, trades, or businesses (whether or not incorporated, whether or not organized in the District of Columbia, and whether or not affiliated) owned or controlled directly or indirectly by the same interests, the assessor is authorized to distribute, apportion, or allocate gross income or deductions between or among such organizations, trades, or businesses, if he determines that such distribution, apportionment, or allocation is necessary in order to prevent evasion of taxes or clearly to reflect the income of any of such organizations, trades, or businesses. The provisions of this section shall apply, but shall not be limited in application to any case of a common carrier by railroad subject to the Interstate Commerce Act and jointly owned or controlled directly or indirectly by two or more common carriers by railroad subject to said Act.

"PUBLICITY OF RETURNS"

"SEC. 21. (a) Secrecy of returns: Except to any official of the District, having a right thereto in his official capacity, it shall be unlawful for any officer or employee of the District to divulge or make known in any manner the amount of income or any particulars set forth or disclosed in any report or return under this title.

"(b) When copies may be furnished: Neither the original nor a copy of the return desired for use in litigations in court shall be furnished where the District of Columbia is not interested in the result whether or not the request is contained in an order of the court: *Provided*, That nothing herein shall be construed to prevent the furnishing to a taxpayer of a copy of his return upon the payment of a fee of \$1.

"(c) Reciprocal exchange of information with States: Notwithstanding the provisions of this section, the assessor may permit the proper officer of any State imposing an income tax or his authorized representative to inspect income-tax returns, filed with the assessor or may furnish to such officer or representative a copy of any income-tax return provided such State grants substantially similar privileges to the assessor or his representative or to the proper officer of the District charged with the administration of this title.

"(d) Publication of statistics: Nothing herein shall be construed to prohibit the publication of statistics so classified as to prevent the identification of particular reports and the items thereof, or of the publication of delinquent lists showing the names of taxpayers who have failed to pay their taxes at the time and in the manner provided by law, together with any relevant information which in the opinion of the assessor may assist in the collection of such delinquent taxes.

"(e) Penalties for violation of this section: Any offense against the provisions of this section shall be a misdemeanor and shall be punishable by a fine not exceeding \$1,000 or imprisonment for 6 months, or both, in the discretion of the court.

"RETURNS TO BE PRESERVED"

"SEC. 22. Reports and returns received by the assessor under the provisions of this title shall be preserved for 6 years and thereafter until the assessor orders them to be destroyed.

"FIDUCIARY RETURNS"

"SEC. 23. (a) Requirement of return: Every fiduciary (except a receiver appointed by authority of law in possession of part only of the property of an individual) shall make under oath a return for

any of the following individuals, estates, or trusts for which he acts, stating specifically the items of gross income thereof and the deductions and credits allowed under this title and such other information for the purpose of carrying out the provisions of this title as the Commissioners may by regulations prescribe:

"(1) Every individual having a net income for the taxable year of \$1,000 or over, if single, or if married and not living with husband and wife;

"(2) Every individual having a net income for the taxable year of \$2,500 or over, if married and living with husband or wife;

"(3) Every individual having a gross income for the taxable year of \$5,000 or over, regardless of the amount of his net income;

"(4) Every estate or trust the net income of which for the taxable year is \$1,000 or over;

"(5) Every estate or trust the gross income of which for the taxable year is \$5,000 or over, regardless of the amount of the net income.

"(b) Joint fiduciaries: Under such regulations as the Commissioners may prescribe, a return by one of two or more joint fiduciaries and filed in the office of the assessor shall be sufficient compliance with the above requirement. Such fiduciary shall make oath (1) that he has sufficient knowledge of the affairs of the individual, estate, or trust for which the return is made, to enable him to make the return, and (2) that the return is, to the best of his knowledge and belief, true and correct.

"(c) Law applicable to fiduciaries: Any fiduciary required to make a return under this title shall be subject to all the provisions of law which apply to individuals.

"ESTATES AND TRUSTS"

"SEC. 24. (a) Application of tax: The taxes imposed by this title upon individuals shall apply to the income of estates or of any kind of property held in trust, including—

"(1) Income accumulated in trust for the benefit of unborn or unascertained person or persons with contingent interests, and income accumulated or held for future distribution under the terms of the will or trust;

"(2) Income which is to be distributed currently by the fiduciary to the beneficiaries, and income collected by a guardian of an infant which is to be held or distributed as the court may direct;

"(3) Income received by estates of deceased persons during the period of administration or settlement of the estate; and

"(4) Income which, in the discretion of the fiduciary, may be either distributed to the beneficiaries or accumulated.

"(b) Computation of tax: The tax shall be computed upon the net income of the estate or trust, and shall be paid by the fiduciary, except as provided in paragraph (e) of this section (relating to revocable trusts) and paragraph (f) of this section (relating to income for benefit of the grantor).

"(c) Net income: The net income of the estate or trust shall be computed in the same manner and on the same basis as in the case of an individual, except that—

"(1) there shall be allowed as an additional deduction in computing the net income of the estate or trust the amount of the income of the estate or trust for its taxable year which is to be distributed currently by the fiduciary to the beneficiaries, and the amount of the income collected by a guardian of an infant which is to be held or distributed as the court may direct, but the amount so allowed as a deduction shall be included in computing the net income of the beneficiaries whether distributed to them or not. Any amount allowed as a deduction under this paragraph shall not be allowed as a deduction under subsection (2) of this section in the same or any succeeding taxable year;

"(2) in the case of income received by estates of deceased persons during the period of administration or settlement of the estate, and in the case of income which, in the discretion of the fiduciary, may be either distributed to the beneficiary or accumulated, there shall be allowed as an additional deduction in computing the net income of the estate or trust the amount of the income of the estate or trust for its taxable year, which is properly paid or credited during such year to any legatee, heir, or beneficiary, but the amount so allowed as a deduction shall be included in computing the net income of the legatee, heir, or beneficiary;

"(3) there shall be allowed as a deduction (in lieu of the deductions for charitable contributions authorized by section 5 (a) (10)) any part of the gross income, without limitation, which pursuant to the terms of the will or deed creating a trust, is during the taxable year paid or permanently set aside for the purposes and in the manner provided in section 5 (a) (10) or is to be used exclusively for the purposes enumerated in section 5 (a) (10).

"(d) Different taxable year: If the taxable year of a beneficiary is different from that of the estate or trust, the amount which he is required, under subparagraph (1) of paragraph (c) of this section, to include in computing his net income, shall be based upon the income of the estate or trust for any taxable year of the estate or trust ending within or with his taxable year.

"(e) Revocable trusts: Where at any time the power to revest in the grantor title to any part of the corpus of the trust is vested—

"(1) in the grantor, either alone or in conjunction with any person not having a substantial adverse interest in the disposition of such part of the corpus or the income therefrom; or

"(2) in any person not having a substantial adverse interest in the disposition of such part of the corpus or the income therefrom, then the income of such part of the trust shall be included in computing the net income of the grantor.

"(f) Income for benefit of grantor: Where any part of the income of a trust—

"(1) is, or in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income may be, held or accumulated for future distribution to the grantor; or

"(2) may, in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income, be distributed to the grantor; or

"(3) is, or in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income may be applied to the payment of premiums upon policies of insurance on the life of the grantor (except policies of insurance irrevocably payable for the purposes and in the manner specified in section 5 (a) (10), relating to the so-called 'charitable contribution' deduction); then such part of the income of the trust shall be included in computing the net income of the grantor.

"(g) Definition of 'in discretion of grantor': As used in this section, the term 'in the discretion of the grantor' means 'in the discretion of the grantor, either alone or in conjunction with any person not having a substantial adverse interest in the disposition of the part of the income in question.'

"(h) Income from intangible personal property held by trust: Income from intangible personal property held by any trust company or by any national bank situated in the District (with or without an individual trustee, resident or nonresident) in trust to pay the income for the time being to, or to accumulate or apply such income for the benefit of any nonresident of the District, shall not be taxable hereunder if—

"(1) such beneficial owner or cestui que trust was at the time of the creation of the trust a nonresident of the District; and

"(2) the testator, settlor, or grantor was also at the time of the creation of the trust a nonresident of the District.

"PARTNERSHIPS

"SEC. 25. (a) Partners only taxable: Individuals carrying on business in partnership shall be liable for income tax only in their individual capacity, and no income tax shall be assessable hereunder upon the net income of any partnership. All such income shall be assessable to the individual partners; it shall be reported by such partners as individuals upon their respective individual income returns; and it shall be taxed to them as individuals along with their other income at the rate and in the manner herein provided for the taxation of income received by individuals. There shall be included in computing the net income of each partner his distributive share, whether distributed or not, of the net income of the partnership for the taxable year; or if his net income for such taxable year is computed upon the basis of a period different from that upon the basis of which the net income of the partnership is computed, then his distributive share of the net income of the partnership for any accounting period of the partnership ending within the taxable year upon the basis of which the partner's net income is computed.

"(b) Partnership return: Every partnership shall make a return for each taxable year stating specifically the items of its gross income and the deductions allowed by this title, and shall include in the return the names and the addresses of the individuals who would be entitled to share in the net income if distributed, and the amount of the distributive share of each individual. The return shall be sworn to by any one of the partners.

"PAYMENT OF TAX

"SEC. 26. (a) Time of payment: The total amount of tax imposed by this title shall be paid on the 15th day of March following the close of the calendar year, or, if the return should be made on the basis of a fiscal year, then on the 15th day of the third month following the close of the fiscal year, except a fiscal year which expired in the calendar year 1939 prior to the approval of this act, in which event the tax shall be paid on the 15th day of the third month following the approval of this act.

"(b) Extension of time for payments: At the request of the taxpayer the assessor may extend the time for payment by the taxpayer of the amount determined as the tax, for a period not to exceed six months from the date prescribed for the payment of the tax or an installment thereof. In such case the amount in respect to which the extension is granted shall be paid on or before the date of the expiration of the period of the extension.

"(c) Voluntary advance payment: A tax imposed by this title, or any installment thereof, may be paid, at the election of the taxpayer, prior to the date prescribed for its payment.

"(d) Fractional part of cent: In the payment of any tax under this title a fractional part of a cent shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to 1 cent.

"(e) Payment to collector and receipts: The tax provided under this title shall be collected by the collector and the revenues derived therefrom shall be turned over to the Treasury of the United States for the credit to the District in the same manner as other revenues are turned over to the United States Treasury for the credit to the District. The collector shall, upon written request, give to the person making payment of any income tax a full written or printed receipt therefor.

"TAX A PERSONAL DEBT

"SEC. 27. Every tax imposed by this title, and all increases, interest, and penalties thereof, shall become, from the time it is due and payable, a personal debt, from the person or persons liable to pay the same to the District, and shall be entitled to the same

priority as other District taxes; and the taxes levied hereunder and the interest and penalties thereon shall be collected by the collector of taxes in the manner provided by law for the collection of taxes due the District on personal property in force at the time of such collection.

"INFORMATION FROM THE BUREAU OF INTERNAL REVENUE

"SEC. 28. The Bureau of Internal Revenue of the Treasury Department of the United States is authorized and required to supply such information as may be requested by the Commissioners relative to any person subject to the taxes imposed by this title.

"ASSESSOR TO ADMINISTER

"SEC. 29. (a) Duties of assessor: The assessor is hereby required to administer the provisions of this title. The assessor shall prescribe forms identical with those utilized by the Federal Government, except to the extent required by differences between this title and its application and the Federal Act and its application. He shall apply as far as practicable the administrative and judicial interpretations of the Federal income-tax law so that computations of income for purposes of this title shall be, as nearly as practicable, identical with the calculations required for Federal income-tax purposes. As soon as practicable after the return is filed the assessor shall examine it and shall determine the correct amount of the tax.

"(b) Statements and special returns: Every taxpayer liable to any tax imposed by this title shall keep such records, render under oath such statements, make such returns, and comply with such rules and regulations as the Commissioners from time to time may prescribe. Whenever the assessor judges it necessary he may require any taxpayer, by notice served upon him, to make a return, render under oath such statements, or keep such records as he deems sufficient to show whether or not such taxpayer is liable to tax under this title and the extent of such liability.

"(c) Examination of books and witnesses: The assessor, for the purpose of ascertaining the correctness of any return filed hereunder, or for the purpose of making an estimate of the taxable income of any taxpayer, is authorized to examine any books, papers, records, or memoranda of any person bearing upon the matters required to be included in the return and may summon any person to appear and produce books, records, papers, or memoranda bearing upon the matters required to be included in the return, and to give testimony or answer interrogatories under oath respecting the same, and the assessor shall have power to administer oaths to such person or persons. Such summons may be served by any members of the Metropolitan Police Department. If any person having been personally summoned shall neglect or refuse to obey the summons issued as herein provided, then, and in that event, the assessor may report that fact to the District Court of the United States for the District of Columbia, or one of the Justices thereof, and said court or any Justice thereof hereby is empowered to compel obedience to such summons to the same extent as witnesses may be compelled to obey the subpoenas of that court. Any person in custody or control of any books, papers, records, or memoranda bearing upon the matters required to be included in such returns, who shall refuse to permit the examination by the assessor or any person designated by him of any such books, papers, records, or memoranda, or who shall obstruct or hinder the assessor or any person designated by him in the examination of any books, papers, records, or memoranda, shall upon conviction thereof be fined not more than \$300. All prosecutions under this section shall be brought in the police court of the District of Columbia on information by the corporation counsel of the District of Columbia in the name of the District of Columbia.

"(d) Return by assessor: If any person fails to make and file a return at the time prescribed by law or by regulations made under authority of law, or makes, willfully or otherwise, a false or fraudulent return, the assessor shall make the return from his own knowledge and from such information as he can obtain through testimony or otherwise. Any return so made and subscribed by the assessor shall be prima facie good and sufficient for all legal purposes.

"ASSESSMENT AND COLLECTION OF DEFICIENCIES

"SEC. 30. Definition of 'deficiency': As used in this title in respect of a tax imposed by this title 'deficiency' means—

"(1) the amount by which the tax imposed by this title exceeds the amount shown as the tax by the taxpayer upon his return; but the amount so shown on the return shall first be increased by the amounts previously assessed (or collected without assessment) as a deficiency, and decreased by the amounts previously abated, credited, refunded, or otherwise repaid in respect of such tax; or

"(2) if no amount is shown as the tax by the taxpayer upon his return, or if no return is made by the taxpayer, then the amount by which the tax exceeds the amounts previously assessed (or collected without assessment) as a deficiency; but such amounts previously assessed, or collected without assessment, shall first be decreased by the amounts previously abated, credited, refunded, or otherwise repaid in respect of such tax.

"DETERMINATION AND ASSESSMENT OF DEFICIENCY

"SEC. 31. If a deficiency in tax is determined by the assessor, the taxpayer shall be notified thereof and given a period of not less than thirty days, after such notice is sent by registered mail, in which to file a protest and show cause or reason why the deficiency should not be paid. Opportunity for hearing shall be granted by the assessor, and a final decision thereon shall be made as quickly as practicable. Any deficiency in tax then determined to be due

shall be assessed and paid, together with any addition to the tax applicable thereto, within ten days after notice and demand by the collector. The taxpayer may appeal from such assessment to the Board of Tax Appeals for the District of Columbia in the same manner and to the same extent as set forth in sections 3, 4, 7, 8, 9, 10, 11, and 12 of title VI of an Act to amend the District of Columbia Revenue Act of 1937, and for other purposes, approved May 16, 1938.

"JEOPARDY ASSESSMENT"

"Sec. 32. (a) Authority for making: If the assessor believes that the collection of any tax imposed by this title will be jeopardized by delay, he shall, whether or not the time otherwise prescribed by law for making return and paying such tax has expired, immediately assess such tax (together with all interest and penalties, the assessment of which is provided for by law). Such tax, penalties, and interest shall thereupon become immediately due and payable, and immediate notice and demand shall be made by the collector for the payment thereof. Upon failure or refusal to pay such tax, penalty, and interest, collection thereof by distraint shall be lawful.

"(b) Bond to stay collection: The collection of the whole or any part of the amount of such assessment may be stayed by filing with the collector a bond in such amount, not exceeding double the amount as to which the stay is desired, and with such sureties as the collector deems necessary, conditioned upon the payment of the amount, the collection of which is stayed, at the time at which, but for this section, such amount would be due.

"PERIOD OF LIMITATION UPON ASSESSMENT AND COLLECTION"

"Sec. 33. (a) General rule: Except as provided in paragraph (b) of this section—

"(1) The amount of income taxes imposed by this title shall be assessed within two years after the return is filed, and no proceeding in court without assessment for the collection of such taxes shall be begun after the expiration of such period.

"(2) In the case of income received during the lifetime of a decedent, or by his estate during the period of administration, or by a corporation, the tax shall be assessed, and any proceeding in court without assessment for the collection of such tax shall be begun, within twelve months after written request therefor (filed after the return is made) by the executor, administrator, or other fiduciary representing the estate of such decedent, or by the corporation, but not after the expiration of two years after the return is filed. This subparagraph shall not apply in the case of a corporation unless—

"(A) such written request notifies the assessor that the corporation contemplates dissolution at or before the expiration of such twelve-month period; and

"(B) the dissolution is in good faith begun before the expiration of such twelve-month period; and

"(C) the dissolution is completed.

"(3) If the taxpayer omits from gross income an amount properly includable therein which is in excess of 25 per centum of the amount of gross income stated in the return, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time within five years after the return was filed.

"(4) For the purposes of subparagraphs (1), (2), and (3), a return filed before the last day prescribed by law for the filing thereof shall be considered as filed on such last day.

"(b) False return: In the case of a false or fraudulent return with intent to evade tax or of a failure to file a return, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time.

"(c) Waiver: Where before the expiration of the time prescribed in paragraph (a) for the assessment of the tax, both the assessor and the taxpayer have consented in writing to its assessment after such time, the tax may be assessed at any time prior to the expiration of the period agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

"(d) Collection after assessment: Where the assessment of any income tax imposed by this title has been made within the period of limitation properly applicable thereto, such tax may be collected by distraint or by a proceeding in court, but only if begun (A) within three years after the assessment of the tax or (B) prior to the expiration of any period for collection agreed upon in writing by the assessor and the taxpayer before the expiration of such three-year period. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

"REFUNDS"

"Sec. 34. Except as otherwise provided in section 31 of this title, where there has been an overpayment of any tax imposed by this title, the amount of such overpayment shall be refunded to the taxpayer. No such refund shall be allowed after two years from the time the tax is paid unless before the expiration of such period a claim therefor is filed by the taxpayer. The amount of the refund shall not exceed the portion of the tax paid during the two years immediately preceding the filing of the claim, or, if no claim was filed, then during the two years immediately preceding the allowance of the refund. Every claim for refund must be in writing, under oath; must state the specific grounds upon which the claim is founded, and must be filed with the assessor. If the assessor disallows any part of a claim for refund, he shall send to the taxpayer by registered mail a notice of the part of the claim so dis-

allowed. Within ninety days after the mailing of such notice, the taxpayer may file an appeal with the Board of Tax Appeals for the District of Columbia, in the same manner and to the same extent as set forth in sections 3, 4, 7, 8, 9, 10, 11, and 12 of title IX of an Act to amend the District of Columbia Revenue Act of 1937, and for other purposes, approved May 16, 1938. The remedy provided to the taxpayer under this section shall not be deemed to take away from the taxpayer any remedy which he might have under any other provision of law, but no suit by the taxpayer for the recovery of any part of such tax shall be instituted in any court if the taxpayer has elected to file an appeal in accordance with this section.

"CLOSING AGREEMENTS"

"Sec. 35. The assessor is authorized to enter into an agreement with any person relating to the liability of such person (or of the person or estate for whom he acts) in respect of any income tax for any period ending prior to the date of the agreement. If such agreement is approved by the Commissioners within such time as may be stated in such agreement, or later agreed to, such agreement shall be final and conclusive and except upon a showing of fraud or malfeasance, or misrepresentation of a material fact—the case shall not be reopened as to the matters agreed upon or the agreement modified; and in any suit or proceeding relating to the tax liability of the taxpayer such agreement shall not be annulled, modified, set aside, or disregarded.

"COMPROMISES"

"Sec. 36. (a) Authority to make: Whenever in the opinion of the Commissioners there shall arise with respect of any tax imposed under this title any doubt as to the liability of the taxpayer or the collectibility of the tax for any reason whatsoever the Commissioners may compromise such tax.

"(b) Concealment of assets: Any person who, in connection with any compromise under this section or offer of such compromise or in connection with any closing agreement under this title or offer to enter into any such agreement, willfully (1) conceals from any officer or employee of the District of Columbia any property belonging to the estate of the taxpayer or other person liable with respect of the tax, or (2) receives, destroys, mutilates, or falsifies any book, document, or record or makes under oath any false statement relating to the estate or the financial condition of the taxpayer or to the person liable in respect of the tax, shall, upon conviction thereof, be fined not more than \$5,000 or imprisoned for not more than one year, or both.

"(c) Of penalties: The Commissioners shall have the power for cause shown to compromise any penalty arising under this title.

"FAILURE TO FILE RETURN"

"Sec. 37. In case of any failure to make and file a return required by this title, within the time prescribed by law or prescribed by the Commissioners in pursuance of law, 25 per centum of the tax shall be added to the tax, except that when a return is filed after such time and it is shown that the failure to file it was due to reasonable cause and not due to willful neglect, no such addition shall be made to the tax. The amount so added to any tax shall be collected at the same time and in the same manner and as a part of the tax unless the tax has been paid before the discovery of the neglect, in which case the amount so added shall be collected in the same manner as the tax.

"INTEREST ON DEFICIENCIES"

"Sec. 38. Interest upon the amount determined as a deficiency shall be assessed at the same time as the deficiency, shall be paid upon notice and demand from the collector, and shall be collected as a part of the tax, at the rate of 1 per centum per month from the date prescribed for the payment of the tax (or, if the tax is paid in installments, from the date prescribed for the payment of the first installment) to the date the deficiency is assessed.

"ADDITIONS TO THE TAX IN CASE OF DEFICIENCY"

"Sec. 39. (a) Negligence: If any part of any deficiency is due to negligence, or intentional disregard of rules and regulations but without intent to defraud, 5 per centum of the total amount of the deficiency (in addition to such deficiency) shall be assessed, collected, and paid in the same manner as if it were a deficiency.

"(b) Fraud: If any part of any deficiency is due to fraud with intent to evade tax, then 50 per centum of the total amount of the deficiency (in addition to such deficiency) shall be so assessed, collected, and paid.

"ADDITIONS TO THE TAX IN THE CASE OF NONPAYMENT"

"Sec. 40. (a) Tax shown on return.—

"(1) General rule: Where the amount determined by the taxpayer as the tax imposed by this title, or any installment thereof, or any part of such amount or installment, is not paid on or before the date prescribed for its payment, there shall be collected as a part of the tax, interest upon such unpaid amount at the rate of 1 per centum a month from the date prescribed for its payment until it is paid.

"(2) If extension granted: Where an extension of time for payment of the amount so determined as the tax by the taxpayer, or any installment thereof, has been granted, and the amount the time for payment of which has been extended, and the interest thereon determined under section 41 is not paid in full prior to the expiration of the period of the extension, then, in lieu of the interest provided for in subparagraph (1) of this paragraph, interest at the rate of 1 per centum a month shall be collected on such unpaid amount from the date of the expiration of the period of the extension until it is paid.

"(b) Deficiency: Where a deficiency, or any interest or additional amounts assessed in connection therewith under section 38, or under section 39, or any addition to the tax in case of delinquency provided for in section 37 is not paid in full within ten days from the date of notice and demand from the collector, there shall be collected, as part of the tax, interest upon the unpaid amount at the rate of 1 per centum a month from the date of such notice and demand until it is paid.

"(c) Fiduciaries: For any period an estate is held by a fiduciary appointed by order of any court of competent jurisdiction or by will, there shall be collected interest at the rate of 1 per centum per month in lieu of the interest provided in subparagraphs (a) and (b) of this section.

"TIME EXTENDED FOR PAYMENT OF TAX SHOWN ON RETURN

"SEC. 41. If the time for payment of the amount determined as the tax by the taxpayer, or any installment thereof, is extended under the authority of section 26 (c), there shall be collected, as a part of such amount, interest thereon at the rate of 1 per centum per month from the date when such payment should have been made if no extension had been granted, until the expiration of the period of the extension.

"PENALTIES

"SEC. 42. (a) Negligence: Any person required under this title to pay or collect any tax, or required by law or regulations made under authority thereof to make a return, keep any records, or supply information, who fails to pay or collect such tax, to make such return, to keep such records, or supply such information, at the time or times required by law or regulations shall, upon conviction thereof (in addition to other penalties provided by law), be fined not more than \$300 for each and every such failure, and each and every day that such failure continues shall constitute a separate and distinct offense. All prosecutions under this paragraph shall be brought in the police court of the District of Columbia on information by the corporation counsel or his assistants in the name of the District of Columbia.

"(b) Willful violation: Any person required under this title to pay or collect any tax, or required by law or regulations made under authority thereof to make a return, keep any records, or supply any information, for the purposes of this title, who willfully refuses to pay or collect such tax, to make such returns, to keep such records, or to supply such information, or who willfully attempts in any manner to defeat or evade the tax imposed by this title, shall, in addition to other penalties provided by law, be guilty of a misdemeanor and shall be fined not more than \$10,000 or imprisoned for not more than one year, or both, together with costs of prosecution.

"(c) Definition of 'person': The term 'person' as used in this section includes an officer or employee of a corporation, or a member or employee of a partnership, who as such officer, employee, or member is under duty to perform the act in respect to which the violation occurs.

"DEFINITIONS

"SEC. 43. For the purpose of this title and unless otherwise required by the context—

"(1) The word 'person' means an individual, a trust or estate, a partnership, or a corporation.

"(2) The word 'taxpayer' means any person subject to a tax imposed by this title.

"(3) The word 'partnership' includes a syndicate, group, pool, joint adventure, or other unincorporated organization, through or by means of which any business, financial operation, or venture is carried on, and which is not, within the meaning of this title, a trust or estate or a corporation; and the word 'partner' includes a member in such a syndicate, group, pool, joint adventure, or organization.

"(4) The word 'corporation' includes associations, joint-stock companies, and insurance companies.

"(5) The word 'domestic' when applied to a corporation other than an association, means created under the law of United States applicable to the District of Columbia; and when applied to an association or partnership means having the principal office or place of business within the District of Columbia.

"(6) The word 'foreign' when applied to a corporation or partnership means a corporation or partnership which is not domestic.

"(7) The word 'fiduciary' means a guardian, trustee, executor, administrator, receiver, conservator, or any person acting in any fiduciary capacity for any person.

"(8) The word 'individual' means all natural persons, whether married or unmarried; and also all trusts, estates, and fiduciaries acting for other persons; it does not include corporations or partnerships acting for or in their own behalf.

"(9) The words 'taxable year' mean the calendar year or the fiscal year ending during such calendar year upon the basis of which the net income is computed under this title. The term 'taxable year' includes, in the case of a return made for a fractional part of a year under the provisions of this title, the period for which such return is made.

"(10) The words 'fiscal year' mean an accounting period of twelve months and ending on the last day of any month other than December.

"(11) The words 'paid or incurred' and 'paid or accrued' shall be construed according to the method of accounting upon the basis of which the net income is computed under this title.

"(12) The words 'trade or business' include the engaging in or carrying on of any trade, business, profession, vocation or calling,

or commercial activity in the District of Columbia; and include the performance of the functions of a public office.

"(13) The word 'stock' includes a share in an association, joint-stock company, or insurance company.

"(14) The word 'shareholder' includes a member in an association, joint-stock company, or insurance company.

"(15) The words 'United States' when used in a geographical sense include only the States, the Territories of Alaska and Hawaii, and the District of Columbia.

"(16) The word 'dividend' means any distribution made by a corporation out of its earnings or profits to its stockholders or members whether such distribution be made in cash, or any other property, other than stock of the same class in the corporation. It includes such portion of the assets of a corporation distributed at the time of dissolution as are in effect a distribution of earnings.

"(17) The word 'include', when used in a definition contained in this title, shall not be deemed to exclude other things otherwise within the meaning of the term defined.

"(18) The word 'Commissioners' means the Commissioners of the District of Columbia or their duly authorized representative or representatives.

"(19) The word 'District' means the District of Columbia.

"(20) The word 'assessor' means the assessor of the District of Columbia.

"(21) The word 'collector' means the collector of taxes of the District of Columbia.

"TITLE III—FEES AND FINES

"On and after July 1, 1939, there shall be credited to the District of Columbia that proportion of the fees and fines collected by the District Court of the United States for the District of Columbia, including fees and fines collected by the offices of the clerk of that court and of the United States marshal for the District of Columbia, as the amount paid by the District of Columbia toward salaries and expenses of such court and of the offices of the United States district attorney for the District of Columbia and of the United States marshal for the District of Columbia bears to the total amount of such salaries and expenses; and such proportion of the fees and fines, if any, collected by the United States Court of Appeals for the District of Columbia, including fees and fines, if any, collected by the office of the clerk of that court, as the amount paid by the District of Columbia toward the salaries and expenses of such court bears to the total amount of such salaries and expenses.

"TITLE IV—AMENDMENTS TO AND REPEAL OF PRIOR ACTS

"INTANGIBLE PERSONAL PROPERTY

"SEC. 1. The tax on intangible personal property imposed by any law relating to the District shall not apply with respect to any year subsequent to the fiscal year ending June 30, 1939.

"TAX ON CERTAIN UTILITIES

"SEC. 2. (a) Paragraph 5 of section 6 of the Act entitled 'An Act making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June thirtieth, nineteen hundred and three, and for other purposes,' approved July 1, 1902, is hereby amended to read as follows:

"PAR. 5. Each national bank as the trustee for its stockholders, through its president or cashier, and all other incorporated banks and trust companies in the District of Columbia, through their presidents or cashiers, and all gas, electric lighting, and telephone companies, through their proper officers, shall make affidavit to the board of personal-tax appraisers on or before the 1st day of August each year as to the amount of its or their gross earnings or gross receipts, as the case may be, for the preceding year ending the 30th day of June, and each national bank and all other incorporated banks and trust companies respectively shall pay to the collector of taxes of the District of Columbia per annum 6 per centum on such gross earnings and each gas company, electric lighting company, and telephone company shall pay to the collector of taxes of the District of Columbia per annum 4 per centum on such gross receipts, from the sale of public-utility commodities and services within the District of Columbia. And in addition thereto the real estate owned by each national or other incorporated bank, and each trust, gas, electric-lighting, and telephone company in the District of Columbia shall be taxed as other real estate in said District: *Provided*, That street-railroad companies shall pay 3 per centum per annum on their gross receipts and other taxes as provided by existing law, and insurance companies shall continue to pay the 2 per centum on premium receipts as provided by existing law. Each gas, electric-lighting, telephone and street railroad company shall pay, in addition to the tax herein mentioned, the corporate income tax imposed by title II of the District of Columbia Revenue Act of 1939, and the personal property tax on merchandise stock in trade. So much of the Act approved October 1, 1890, entitled 'An Act to provide for the incorporation of trust, loan, mortgage, and certain other corporations within the District of Columbia' as is inconsistent with the provisions of this section is hereby repealed.

"(b) This section shall not apply to gross earnings or gross receipts for any fiscal year ending the 30th day of June prior to the fiscal year ending June 30, 1940. Taxes shall be levied and collected for the fiscal years preceding the fiscal year ending June 30, 1940, under said paragraph 5 of section 6 of said Act of July 1, 1902, as if this title had not been enacted.

"(c) Section 6 of the Act of July 1, 1902 (c. 1352, 32 Stat. 619), is amended by striking out paragraph 8, so that the corporate excess tax therein provided shall become inoperative.

"TAX ON REAL PROPERTY

"Sec. 3. Title VII of the District of Columbia Revenue Act of 1937, as amended, is amended to read as follows: 'For the fiscal year ending June 30, 1940, the rate of taxation imposed on real and tangible personal property in the District of Columbia shall be 1.75 per centum of the assessed value of such property.'

"TAXABLE STATUS OF MOTOR VEHICLES AS TANGIBLE PERSONAL PROPERTY

"Sec. 4. Notwithstanding any other provision of law, the tangible personal-property tax on motor vehicles, except when consisting of stock in trade of merchants, shall be prorated according to the number of months such property has a situs within the District; and all such motor vehicles shall be assessed at their value as of April 1 each year: *Provided, however,* That where a motor vehicle shall be registered in the District of Columbia for the first time on a date between April 1 of one year and April 1 of the succeeding year, such motor vehicle shall be assessed, for taxation for the period ending with the succeeding April 1, at its value as of date of application for such first registration.

"TAX APPEALS

"Sec. 5. (a) The first sentence of the second paragraph of section 2 of title IX of the District of Columbia Revenue Act of 1937, as amended by the Act approved May 16, 1938, is amended to read as follows: 'The salary of such person so appointed shall be \$8,000 per annum.' This amendment shall be effective on and after July 1, 1939.

"(b) Section 3 of title IX of the District of Columbia Revenue Act of 1937, as amended, is amended as follows:

"Sec. 3. Any person aggrieved by any assessment by the District against him of any personal-property, inheritance, estate, business-privilege, gross-receipts, gross-earnings, insurance-premiums, or motor-vehicle-fuel tax or taxes, or penalties thereon, may, within ninety days after notice of such assessment, appeal from such assessment to the Board, provided such person shall first pay such tax, together with penalties and interest due thereon, to the collector of taxes of the District of Columbia under protest in writing. The mailing to the taxpayer of a statement of taxes due shall be considered notice of assessment with respect of such taxes. The Board shall hear and determine all questions arising on said appeal and shall make separate findings of fact and conclusions of law, and shall render its decision thereon in writing. The Board may affirm, cancel, reduce, or increase such assessment.'

"(b) Subsections (a), (b), and (c) of section 5 of title IX of the District of Columbia Revenue Act of 1937, as amended, are amended to read as follows:

"(a) The assessor and deputy assessor of the District and the board of all of the assistant assessors, with the assessor as chairman, shall compose a Board of Equalization and Review, and as such Board of Equalization and Review they shall convene in a room to be provided for them by the Commissioners, on the first Monday of January of each year, and shall remain in session until the first Monday in April of each year, after which date no complaint as to valuation as herein provided shall be received or considered by such Board of Equalization and Review. Public notice of the time and place of such session shall be given by publication for two successive days in two daily newspapers in the District not more than two weeks or less than ten days before the beginning of said session. It shall be the duty of said Board of Equalization and Review to fairly and impartially equalize the value of real property made by the board of assistant assessors as the basis for assessment. Any five of said Board of Equalization and Review shall constitute a quorum for business, and, in the absence of the Assessor, a temporary chairman may be selected. They shall immediately proceed to equalize the valuations made by the board of assistant assessors so that each lot and tract and improvements thereon shall be entered upon the tax list at their value in money; and for this purpose they shall hear such complaints as may be made in respect of said assessments, and in determining them they may raise the valuation of such tracts or lots as in their opinion may have been returned below their value and reduce the valuation of such as they may believe to have been returned above their value to such sum as in their opinion may be the value thereof. The valuation of the real property made and equalized as aforesaid shall be completed not later than the first Monday of May annually. The valuation of said real property made and equalized as aforesaid shall be approved by the Commissioners not later than July 1 annually, and when approved by the Commissioners shall constitute the basis of taxation for the next succeeding year and until another valuation is made according to law, except as hereinafter provided. Any person aggrieved by any assessment, equalization, or valuation made, may, within ninety days after October 1 of the year in which such assessment, equalization, or valuation is made, appeal from such assessment, equalization, or valuation in the same manner and to the same extent as provided in sections 3 and 4 of this title: *Provided, however,* That such person shall have first made his complaint to the Board of Equalization and Review respecting such assessment as herein provided.

"(b) Annually, on or prior to July 1 of each year, the board of assistant assessors shall make a list of all real estate which shall have become subject to taxation and which is not then on the tax list, and affix a value thereon, according to the rules prescribed by law for assessing real estate; shall make return of all new structures erected or roofed, and additions to or improvements of old

structures which shall not have been theretofore assessed, specifying the tract or lot of land on which each of such structures has been erected, and the value of such structure, and they shall add such valuation to the assessment made on such tract or lot. When the improvements on any lot or tract of land shall become damaged or be destroyed from any cause, the said board of assistant assessors shall reduce the assessment on said property to the extent of such damage: *Provided,* That the Board of Equalization and Review shall hear such complaints as may be made in respect of said assessments between September 1 and September 30 and determine the same not later than October 15 of the same year. Any person aggrieved by any assessment or valuation made in pursuance of this paragraph may, within ninety days after October 15 of the year in which said valuation or assessment is made, appeal from such assessment or valuation in the same manner and to the same extent as provided in sections 3 and 4 of this title: *Provided, however,* That such person shall have first made his complaint to the Board of Equalization and Review respecting such assessment as herein provided.

"(c) In addition to the annual assessment of all real estate made on or prior to July 1 of each year there shall be added a list of all new buildings erected or under proof prior to January 1 of each year, in the same manner as provided by law for all annual additions; and the amounts thereof shall be added as assessment for the second half of the then current year payable in the month of March. When the improvements on any lot or tract of land shall become damaged or be destroyed from any cause prior to January 1 of each year the said board of assistant assessors shall reduce the assessment on said property to the extent of said damage for the second half of the then current year payable in the month of March. The Board of Equalization and Review shall hear such complaints as may be made in respect of said assessments for the second half of said year between March 1 and March 31 and determine said complaints not later than April 15 of the same year. Any person aggrieved by any assessment made in pursuance of this paragraph may, within ninety days after April 15 of the year in which such assessment is made, appeal from such assessment in the same manner and to the same extent as provided in sections 3 and 4 of this title: *Provided, however,* That such person shall have first made his complaint to the Board of Equalization and Review respecting such assessment as herein provided.'

"(c) Title IX of the District of Columbia Revenue Act of 1937, as amended, is amended by adding thereto a new section reading as follows:

"Sec. 13. In any matter affecting taxation, the determination of which is by law left to the discretion of the Commissioners, the Commissioners may, if they so elect, refer such matter to the Board to make findings of fact and submit recommendations, such findings of fact and recommendations, if any, to be advisory only and not binding on the Commissioners, and shall be without prejudice to the Commissioners to make such further and other inquiry and investigation concerning such matter as they in their discretion shall consider necessary or advisable.'

"TANGIBLE PERSONAL PROPERTY STORED IN TRANSIT

"Sec. 6. Nothing in this act contained, nor shall any prior act of Congress relating to the District of Columbia be deemed to impose upon any person, firm, association, company, or corporation a tax based upon tangible personal property owned and stored by such person in a public warehouse in the District of Columbia for a period of time no longer than is necessary for the convenience or exigencies of reshipment and transportation to its destination without the District of Columbia.

"TITLE V—INHERITANCE AND ESTATE TAXES

"Title V of the District of Columbia Revenue Act of 1937, as amended by an act entitled 'An act to amend the District of Columbia Revenue Act of 1937, and for other purposes,' approved May 16, 1938, is amended to read as follows:

"Taxes shall be imposed in relation to estates of decedents, the shares of beneficiaries of such estates, and gifts as hereinafter provided:

"ARTICLE I—INHERITANCE TAX

"Sec. 1. (a) All real property and tangible and intangible personal property, or any interest therein, having its taxable situs in the District of Columbia, transferred from any person who may die seized or possessed thereof, either by will or by law, or by right of survivorship, and all such property, or interest therein, transferred by deed, grant, bargain, gift, or sale (except in cases of a bona fide purchase for full consideration in money or money's worth), made or intended to take effect in possession or enjoyment after the death of the decedent, or made in contemplation of death, to or for the use of, in trust or otherwise (including property of which the decedent has retained for his life or for any period not ascertainable without reference to his death or for any period which does not in fact end before his death (1) the possession or enjoyment of, or the right to the income from such property or (2) the right, either alone or in conjunction with any person, to designate the persons who shall possess or enjoy the property or the income therefrom), to the father, mother, husband, wife, children by blood or legally adopted children, or any other lineal descendants or lineal ancestors of the decedent, shall be subject to a tax as follows: 1 per centum of so much of said property as is in excess of \$5,000 and not in excess of \$50,000; 2 per centum of so much of said property as is in excess of \$50,000 and not in excess of \$100,000; 3 per centum of so much of said property as is

in excess of \$100,000 and not in excess of \$500,000; 4 per centum of so much of said property as is in excess of \$500,000 and not in excess of \$1,000,000; 5 per centum of so much of said property as is in excess of \$1,000,000.

"(b) So much of said property so transferred to each of the brothers and sisters of the whole or half blood of the decedent shall be subject to a tax as follows: 3 per centum of so much of said property as is in excess of \$2,000 and not in excess of \$25,000; 4 per centum of so much of said property as is in excess of \$25,000 and not in excess of \$50,000; 6 per centum of so much of said property as is in excess of \$50,000 and not in excess of \$100,000; 8 per centum of so much of said property as is in excess of \$100,000 and not in excess of \$500,000; 10 per centum of so much of said property as is in excess of \$500,000.

"(c) So much of said property so transferred to any person other than those included in paragraphs (a) and (b) of this section and all firms, institutions, associations, and corporations shall be subject to a tax as follows: 5 per centum of so much of said property as is in excess of \$1,000 and not in excess of \$25,000; 7 per centum of so much of said property as is in excess of \$25,000 and not in excess of \$50,000; 9 per centum of so much of said property as is in excess of \$50,000 and not in excess of \$100,000; 12 per centum of so much of said property as is in excess of \$100,000 and not in excess of \$500,000; 15 per centum of so much of said property as is in excess of \$500,000.

"(d) Executors, administrators, trustees, and other persons making distribution shall only be discharged from liability for the amount of such tax with the payment of which they are charged by paying the same as hereinafter described.

"(e) Property transferred exclusively for public or municipal purposes, to the United States or the District of Columbia, or exclusively for charitable, educational, or religious purposes within the District of Columbia, shall be exempt from any and all taxation under the provisions of this section.

"(f) Where any beneficiary has died or may hereafter die within six months after the death of the decedent and before coming into the possession and enjoyment of any property passing to him, and before selling, assigning, transferring, or in any manner contracting with respect to his interest in such property, such property shall be taxed only once, and if the tax on the property so passing to said beneficiary has not been paid, then the tax shall be assessed on the property received from such share by each beneficiary thereof, finally entitled to the possession and enjoyment thereof, as if he had been the original beneficiary, and the exemptions and rates of taxation shall be governed by the respective relationship of each of the ultimate beneficiaries to the first decedent.

"(g) The provisions of article I of this title shall apply to property in the estate of every person who shall die after this title becomes effective.

"(h) The transfer of any property, or interest therein, within 2 years prior to death, shall, unless shown to the contrary, be deemed to have been made in contemplation of death.

"(i) All property and interest therein which shall pass from a decedent to the same beneficiary by one or more of the methods specified in this section, and all beneficial interests which shall accrue in the manner herein provided to such beneficiary on account of the death of such decedent, shall be united and treated as a single interest for the purpose of determining the tax hereunder.

"(j) Whenever any person shall exercise a general power of appointment derived from any disposition of property, made either before or after the passage of this title, such appointment, when made, shall be deemed a transfer taxable, under the provisions of this title, in the same manner as though the property to which such appointment relates belonged absolutely to the donee of such power; and whenever any person possessing such power of appointment so derived shall omit or fail to exercise the same, within the time provided therefor, in whole or in part, a transfer taxable under the provisions of this title shall be deemed to take place to the extent of such omissions or failure in the same manner as though the person or persons thereby becoming entitled to the possession or enjoyment of the property to which such power related had succeeded thereto by the will of the donee of the power failing to exercise such power, taking effect at the time of such omission or failure.

"(k) The doctrine of equitable conversion shall not be invoked in the assessment of taxes under this article.

"Sec. 2. The tax provided in section 1 shall be paid on the market value of the property or interest therein at the time of the death of the decedent as appraised by the assessor, or, in the discretion of the assessor, upon the value as appraised by the probate court of the District. The taxable portion of real or personal property held jointly or by the entireties shall be determined by dividing the value of the entire property by the number of persons in whose joint names it was held.

"Sec. 3. The appraisal thus made shall be deemed and taken to be the true value of the said property or interest therein upon which the said tax shall be paid, and the amount of said tax and the tax imposed by article II of this title shall be a lien on said property or interest therein for the period of ten years from the date of death of the decedent: *Provided, however*, That such lien shall not attach to any personal property sold or disposed of for value by an administrator, executor, or collector, of the estate of such decedent appointed by the District Court of the United States for the District of Columbia or by a trustee appointed under a will filed with the register of wills for the District or by

order of said court, or his successor approved by said court, but a lien for said taxes shall attach on all property acquired in substitution therefor for a period of ten years after the acquisition of such substituted property: *And provided further*, That such lien upon such substituted property shall, upon sale by such personal representatives, be extinguished and shall reattach in the manner as provided with respect of such original property.

"Sec. 4. The personal representative of every decedent, the gross value of whose estate is in excess of \$1,000, shall, within fifteen months after the death of the decedent, report under oath to the assessor, on forms provided for that purpose an itemized schedule of all the property (real, personal, and mixed) of the decedent, the market value thereof at the time of the death of the decedent, the name or names of the persons to receive the same and the actual value of the property that each will receive, the relationship of such persons to the decedent, and the age of any persons who receive a life interest in the property, and any other information which the assessor may require. Said personal representative shall, within eighteen months of the date of the death of the decedent and before distribution of the estate, pay to the collector of taxes the taxes imposed by section 1 upon the distributive shares and legacies in his hands and the tax imposed by section 1 hereof against each distributive share or legacy shall be charged against such distributive share or legacy unless the will shall otherwise direct.

"Sec. 5. The personal representative of the decedent shall collect from each beneficiary entitled to a distributive share or legacy the tax imposed upon such distributive share or legacy in section 1 hereof, and if the said beneficiary shall neglect or fail to pay the same within 15 months after the date of the death of the decedent such personal representative shall, upon the order of the District Court of the United States for the District of Columbia, sell for cash so much of said distributive share or legacy as may be necessary to pay said tax and all the expenses of said sale.

"Sec. 6. Every person entitled to receive property taxable under section 1 hereof, which property is not under the control of a personal representative, and is over \$1,000 in value, shall, within six months after the death of the decedent, report under oath to the assessor, on forms provided for that purpose, an itemized schedule of all property (real, personal, and mixed) received or to be received by such person; the market value of the same at the time of the death of the decedent and the relationship of such person to the decedent; and any other information which the assessor may require. The tax on the transfer of any such property shall be paid by such person to the collector of taxes within nine months after the date of the death of the decedent: *Provided, however*, That with respect to real estate passing by will or inheritance such report shall be made within fifteen months after the death of the decedent, and the tax on the transfer thereof shall be paid within eighteen months after the date of the death of the decedent.

"Sec. 7. In the case of any grant, deed, devise, descent, or bequest of a life interest or term of years, the donee for life or years shall pay a tax only on the value of his interest, determined in a manner as the Commissioners by regulation may prescribe, and the donee of the future interest shall pay a tax only on his interest as based upon the value thereof at the time of the death of the decedent creating such interest. The value of any future interest shall be determined by deducting from the market value of such property at the time of the death of such decedent the value of the precedent life interest or term of years. Where the future interest is vested the donee thereof shall pay the tax within the time in which the tax upon the precedent life interest or term of years is required to be paid under the provisions of sections 4 and 6 of this article, as the case may be. Where the future interest is contingent the personal representative of such decedent or the persons interested in such contingent future estate shall have the option of (1) paying, within the time herein provided for the payment of taxes due upon vested future interests, a tax equal to the mean between the highest possible tax and the lowest possible tax which could be imposed under any contingency or condition whereby such contingent future interest might be wholly or in part created, defeated, extended, or abridged; or (2) paying the tax upon such transfer at the time when such future interest shall become vested at rates and with exemptions in force at the time of the death of the decedent: *Provided*, That the personal representative or trustee of the estate of the decedent or the persons interested in the future contingent interest shall deposit with the assessor a bond in the penal sum of an amount equal to twice the tax payable under option (1) hereof. Such bonds shall be payable to the District and shall be conditioned for the payment of such tax when and as the same shall become due and payable. The tax upon the transfer of future interests or remainders shall be a lien upon the property or interest transferred from the date of the death of the decedent creating the interests and shall remain in force and effect until ten years after the date when such remainder or future interest shall become vested in the donee thereof. If the tax upon the transfer of a contingent future interest is paid before the same shall become vested, such tax shall be paid by the personal representative out of the corpus of the estate of the decedent, otherwise by the person or persons entitled to receive the same.

"ARTICLE II—ESTATE TAXES

"Sec. 1. In addition to the taxes imposed by article I, there is hereby imposed upon the transfer of the estate of every decedent who, after this title becomes effective, shall die a resident of the District, a tax equal to 80 per centum of the Federal estate tax

imposed by subdivision (a) of section 301, title III, of the Revenue Act of 1926, as amended, or as hereafter amended or reenacted.

"Sec. 2. There shall be credited against and applied in reduction of the tax imposed by section 1 of this article the amount of any estate, inheritance, legacy, or succession tax lawfully imposed by any State or Territory of the United States, in respect of any property included in the gross estate for Federal estate-tax purposes as prescribed in title III of the Revenue Act of 1926, as amended, or as hereafter amended or reenacted: *Provided, however,* That only such taxes as are actually paid and credit therefor claimed and allowed against the Federal estate tax may be applied as a credit against and in reduction of the tax imposed by section 1.

"Sec. 3. In no event shall the tax imposed by section 1 of this article exceed the difference between the maximum credit which might be allowed against the Federal estate tax imposed by title III of the Revenue Act of 1926, as amended, or as hereafter amended or reenacted, and the aggregate amount of the taxes described in section 2 of this article (but not including the tax imposed by section 1) allowable as a credit against the Federal estate tax.

"Sec. 4. The purpose of section 1 of this article is to secure for the District the benefit of the credit allowed under the provisions of section 301 (c) of title III of the Revenue Act of 1926, as amended, or as hereafter amended or reenacted, to the extent that the District may be entitled by the provisions of said Revenue Act, by imposing additional taxes, and the same shall be liberally construed to effect such purpose: *Provided,* That the amount of the tax imposed by section 1 of this article shall not be decreased by any failure to secure the allowance of credit against the Federal estate tax.

"Sec. 5. A tax is hereby imposed upon the transfer of real property or tangible personal property in the District of every person who at the time of death was a resident of the United States but not a resident of the District, and upon the transfer of all property, both real and personal, within the District of every person who at the time of death was not a resident of the United States, the amount of which shall be a sum equal to such proportion of the amount by which the credit allowable under the applicable Federal revenue Act for estate, inheritance, legacy, and succession taxes actually paid to the several States exceeds the amount actually so paid for such taxes, exclusive of estate taxes based upon the difference between such credit and other estate taxes and inheritance, legacy, and succession taxes, as the value of the property in the District bears to the value of the entire estate, subject to estate tax under the applicable Federal revenue Act.

"Sec. 6. Every executor or administrator of the estate of a decedent dying a resident of the District or of a nonresident decedent owning real estate or tangible personal property situated in the District, or of an alien decedent owning any real estate, tangible or intangible personal property situated in the District, or, if there is no executor or administrator appointed, qualified, and acting, then any person in actual or constructive possession of any property forming a part of an estate subject to estate tax under this title shall, within sixteen months after the death of the decedent file with the assessor a copy of the return required by section 304 of the Revenue Act of 1926, verified by the affidavit of the person filing said return with the assessor, and shall, within thirty days after the date of any communication from the Commissioner of Internal Revenue, confirming, increasing, or diminishing the tax shown to be due, file a copy of such communication with the assessor. With the copy of the Federal estate-tax return there shall be filed an affidavit as to the several amounts paid or expected to be paid as taxes within the purview of section 2 of this article: *Provided, however,* That any case where the time for the filing of such return as required by section 304 of the Revenue Act of 1926 is extended without penalty by the Bureau of Internal Revenue, then the copy thereof verified as aforesaid may be filed with the assessor within thirty days after the expiration of said extended period.

"Sec. 7. The assessor shall, upon receipt of the return and accompanying affidavit, assess such amount as he may determine, from the basis of the return, to be due the District. Upon receipt of a copy of any communication from the Commissioner of Internal Revenue, herein required to be filed, the assessor shall make such additional assessment or shall make such abatement of the assessment as may appear proper.

"Sec. 8. The estate taxes imposed by this article shall be paid to the collector of taxes within seventeen months after the death of the decedent: *Provided, however,* That in any case where the time for the payment of taxes imposed by subdivision (a) of section 301, title III, of the Revenue Act of 1926, is extended by the Bureau of Internal Revenue, then the tax imposed by this article shall be paid within sixty days after the expiration of such extended period, together with interest as provided in section 4 of article IV of this title: *Provided further,* That any additional assessment found to be due under section 7 of this article shall be paid to the collector of taxes within thirty days after the determination of such additional assessment by the assessor.

"ARTICLE III—GENERAL

"Sec. 1. The bond of the personal representative of the decedent shall be liable for all taxes and penalties assessed under this title, except inheritance taxes and penalties imposed in relation to the transfer of property not under the control of such personal representative: *Provided,* That in no case shall the bond of the personal

representative be liable for a greater sum than is actually received by him.

"Sec. 2. The register of wills of the District shall report to the assessor on forms provided for the purpose every qualification in the District upon the estate of the decedent. Such report shall be filed with the assessor at least once every month, and shall contain the name of the decedent, the date of his death, the name and address of the personal representative, and the value of the estate, as shown by the petition for administration or probate.

"Sec. 3. The Commissioners shall have supervision of the enforcement of this title and shall have the power to make such rules and regulations, consistent with its provisions, as may be necessary for its enforcement and efficient administration and to provide for the granting of extension of time within which to perform the duties imposed by this title. The assessor shall determine all taxes assessable under this title and immediately upon the determination of same, shall forward a statement of the taxes determined to the person or persons chargeable with the payment thereof and shall give advice thereof to the collector of taxes. The assessor is hereby authorized and empowered to summon any person before him to give testimony on oath or affirmation or to produce all books, records, papers, documents, or other legal evidence as to any matter relating to this title, and the assessor is authorized to administer oaths and to take testimony for the purposes of the administration of this title. Such summons may be served by any member of the Metropolitan Police Department. If any person having been personally summoned shall neglect or refuse to obey the summons issued as herein provided, then and in that event the assessor may report that fact to the District Court of the United States for the District of Columbia or one of the justices thereof, and said court or any justice thereof hereby is empowered to compel obedience to said summons to the same extent as witnesses may be compelled to obey the subpoenas of that court.

"Sec. 4. If the taxes imposed by this title are not paid when due, 1 per centum interest for each month or portion of a month from the date when the same were due until paid shall be added to the amount of said taxes and collected as a part of the same, and said taxes shall be collected by the collector of taxes in the manner provided by the law for the collection of taxes due the District on personal property in force at the time of such collection: *Provided, however,* That where the time for payment of the tax imposed by this title is extended by the assessor or where the payment of the tax is lawfully suspended under the regulations for the administration of this title, interest shall be paid at the rate of 6 per centum per annum from the date on which the tax would otherwise be payable.

"Sec. 5. If any person shall fail to perform any duty imposed upon him by the provisions of this title or the regulations made hereunder the Commissioners may proceed by petition for mandamus to compel performance and upon the granting of such writ the court shall adjudge all costs of such proceedings against the delinquent.

"Sec. 6. Any person required by this title to file a return who fails to file such return within the time prescribed by this title, or within such additional time as may be granted under regulations promulgated by the Commissioners, shall become liable in his own person and estate to the District in an amount equal to 10 per centum of the tax found to be due. In case any person required by this title to file a return knowingly files a false or fraudulent return, he shall become liable in his own person and estate to the said District in an amount equal to 50 per centum of the tax found to be due. Such amounts shall be collected in the same manner as is herein provided for the collection of the taxes levied under this title.

"Sec. 7. Any person required by this title to pay a tax or required by law or regulation made under authority thereof to make a return or keep any records or supply any information for the purposes of computation, assessment, or collection of any tax imposed by this title, who willfully fails to pay such tax, make any such return, or supply any such information at the time or times required by law or regulation shall, in addition to other penalties provided by law, be guilty of a misdemeanor and upon conviction thereof be fined not more than \$1,000 or imprisoned for not more than one year, or both.

"Sec. 8. When the assessor is satisfied that the tax liability imposed by this title has been fully discharged or provided for, he may, under regulations prescribed by the Commissioners, issue his certificate, releasing any or all property from the lien herein imposed.

"Sec. 9. No person holding, within the District, tangible or intangible assets of any resident or nonresident decedent, of the value of \$300 or more, shall deliver or transfer the same or any part thereof to any person other than an executor, administrator, or collector of the estate of such decedent appointed by the District Court of the United States for the District of Columbia, unless notice of the date and place of such intended transfer be served upon the assessor of the District of Columbia at least ten days prior to such delivery or transfer, nor shall any person holding, within the District of Columbia, any assets of a resident or nonresident decedent, of the value of \$300 or more, deliver or transfer the same or any part thereof to any person other than an executor, administrator, or collector of the estate of such decedent appointed by said District Court without retaining a sufficient portion or

amount thereof to pay any tax which may be assessed on account of the transfer of such assets under the provisions of articles I and II without an order from the assessor of the District of Columbia authorizing such transfer. It shall be lawful for the assessor of the District, personally, or by his representatives, to examine said assets at any time before such delivery or transfer. Failure to serve such notice or to allow such examination or to retain as herein required a sufficient portion or amount to pay the taxes imposed by this title shall render such person liable to the payment of such taxes. The assessor of the District may issue a certificate authorizing the transfer of any such assets whenever it appears to the satisfaction of said assessor that no tax is due thereon: *Provided, however,* That any corporation, foreign or domestic to the District having outstanding stock or other securities registered in the sole name of a decedent whose estate or any part thereof is taxable under this title, may transfer the same, without notice to the assessor and without liability for any tax imposed thereon under this title, upon the order of an administrator, executor, or collector of the estate of such decedent appointed by the District Court of the United States for the District of Columbia, or by a trustee appointed under a will filed with the register of wills of the District, or appointed by said court, or his successor approved by said court: *Provided further,* That the lessor of a safe-deposit box standing in the joint names of a decedent and a survivor or survivors may deliver the entire contents of such safe-deposit box to the survivor or survivors, after examination of such contents by the assessor or his representative, without any liability on the part of the said lessor for the payment of such tax.

"SEC. 10. The Bureau of Internal Revenue of the Treasury Department of the United States is authorized and required to supply such information as may be requested by the Commissioners relative to any person subject to the taxes imposed under this title or relative to any person whose estate is subject to the provisions of this title.

"SEC. 11. If any return required by this title is not filed with the assessor when due, the assessor shall have the right to determine and assess the tax or taxes from such information as he may possess or obtain.

"SEC. 12. The assessor is authorized to enter into an agreement with any person liable for a tax on a transfer under article I of this title, in which remainders or expectant estates are of such nature or so disposed and circumstanced that the value of the interest is not ascertainable under the provisions of this title, and to compound and settle such tax upon such terms as the assessor may deem equitable and expedient.

"SEC. 13. In the interpretation of this title unless the context indicates a different meaning the term "tax" means the tax or taxes mentioned in this title.

"(a) The term "District" means the District of Columbia.

"(b) The term "Commissioners" means the Commissioners of the District of Columbia, or their duly authorized representative or representatives.

"(c) The term "assessor" means the assessor of the District of Columbia or his duly authorized representative or representatives.

"(d) The term "collector of taxes" means the collector of taxes for the District of Columbia, or his duly authorized representative or representatives.

"(e) The term "Metropolitan Police Department" means the Metropolitan Police Department of the District of Columbia.

"(f) The term "include", when used in a definition contained in this title, shall not be deemed to exclude other things otherwise within the meaning of the term defined.

"(g) The term "resident" means domiciled and the term "residence" means domicile.

"SEC. 14. The provisions of this title shall become effective at 12:01 antemeridian, the day immediately following its approval."

"TITLE VI—ADVANCEMENT OF MONEY BY TREASURY

"The Secretary of the Treasury, notwithstanding the provisions of the District of Columbia Appropriation Act, approved June 29, 1922, is authorized and directed to advance, on the requisition of the Commissioners of the District of Columbia, made in the manner now prescribed by law, out of any money in the Treasury of the United States not otherwise appropriated, such sums as may be necessary from time to time to meet the general expenses of said District as authorized by Congress, and such amounts so advanced shall be reimbursed by the said Commissioners to the Treasury out of taxes and revenue collected for the support of the government of the said District of Columbia.

"TITLE VII—JOINT SELECT COMMITTEE

"A joint select committee, composed of three Senators to be appointed by the President of the Senate, and three Representatives to be appointed by the Speaker of the House of Representatives, is created and is authorized and directed to make a further study of the tax structure of the District of Columbia with the purpose in view of providing a permanent tax structure for said District, and to make a report of such study with recommendations to Congress.

"TITLE VIII—GENERAL PROVISIONS

"SEPARABILITY CLAUSE

"Sec. 1. If any provision of this Act or the application thereof to any person or circumstances is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

"RULES AND REGULATIONS

"SEC. 2. The Commissioners shall prescribe and publish all needful rules and regulations for the enforcement of this Act." And the Senate agree to the same.

JOHN H. OVERTON,
WILLIAM H. KING,
M. E. TYDINGS,
ARTHUR CAPPER,

Managers on the part of the Senate.

JENNINGS RANDOLPH,
AMBROSE J. KENNEDY,
EVERETT M. DIRKSEN,
GEORGE J. BATES,

Managers on the part of the House.

Mr. OVERTON. I ask for the immediate consideration of the report.

There being no objection, the Senate proceeded to consider the conference report.

Mr. OVERTON. Mr. President, I desire to make an explanation as briefly as possible. It will be recalled that with respect to District of Columbia revenue the House passed a bill providing that the Federal payment for the upkeep of the National Capital be in the lump sum of \$5,000,000, and also eliminating the existing business-privilege tax and the tax on intangible personal property; and that the House substituted for these taxes an income tax, both corporate and individual.

The bill reached the Senate during the closing hours of the past fiscal year. The District of Columbia Committee of the Senate undertook to consider the bill as carefully as possible, within the brief time at its disposal. On the recommendation of the District of Columbia Committee of the Senate, the Senate passed the bill fixing the Federal payment to the District of Columbia upon the basis of a formula which in turn was predicated upon the quantity of Federal property in the District with certain deductions, and which, applied to the existing status, was equivalent to fixing the payment of the National Government to the District of Columbia at approximately \$8,000,000.

At the first conference there was a disagreement between the Senate conferees and the House conferees as to what the Federal payments should be. Each House then took a vote and stood by the report of its conferees. At the last meeting of the conferees we agreed upon a report. In this report now being considered by the Senate we compromised on the Federal payment, fixing it at a lump sum of \$6,500,000. The House conferees met the Senate conferees half way, and the Senate conferees met the House conferees half way. The Senate then agreed to the provision in the House bill which eliminated the tax on intangible personal property.

The Senate conferees also agreed with the House conferees on eliminating the business privilege tax. The Senate conferees then agreed with the House conferees to adopt a corporate and individual income tax, with certain modifications. The result is that the tax structure agreed upon between the Senate and House conferees is the tax structure embodied in the House bill, with certain amendments. Therefore the Senate conferees, in order to have a revenue bill, have agreed, with certain modifications, to the tax structure proposed by the House, and have compromised on the Federal payment to be made to the District of Columbia.

Mr. President, I should make a brief statement in reference to the income tax which has been recommended by the conferees of both Houses, because it is a new tax. The House bill proposed a corporate income tax of 5 percent for both domestic and foreign corporations upon all income derived from sources within the District of Columbia. This has been agreed to by the Senate conferees.

With respect to the individual income tax, the House had imposed an income tax upon residents and nonresidents—upon residents with reference to their total taxable income, and upon nonresidents with respect to income derived by them within the District of Columbia—with an exemption of \$2,000, whether the taxpayer be single or married, and regardless of the number of dependents he may have. The

House provided an exemption for Senators and Representatives and their official personnel or staffs, and, as I recall, provided for no other exemptions.

The income tax agreed upon in conference between the Senate and the House is the imposition of an individual income tax upon all who are domiciled within the District of Columbia. The bill agreed to contains the same exemptions provided in the Federal statute, and, so far as they are applicable, the same deductions set forth in the Federal statute. In other words, the income-tax provision of this bill as recommended by the conferees follows as closely as possible the Federal statute on the subject of income taxes.

The rates are very moderate. The rate is 1 percent on the first \$5,000 of taxable income, 1½ percent on the next \$5,000, 2 percent on the next \$5,000, 2½ percent on the next \$5,000, and 3 percent on all taxable income above \$20,000. It is estimated that the individual income tax will provide a revenue of approximately \$300,000.

Mr. WALSH. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. TYNDINGS in the chair). Does the Senator from Louisiana yield to the Senator from Massachusetts?

Mr. OVERTON. I shall be glad to yield.

Mr. WALSH. How do the rates which the Senator has just enumerated compare with the rates of the various States which have similar income-tax laws? Are they higher, or lower, or about the average?

Mr. OVERTON. I am advised that they are considerably lower than the average. The Senator will observe that they are very moderate rates.

Mr. WALSH. I observed that as they were read. Are they among the lowest rates fixed by law in the various States?

Mr. OVERTON. I do not know any State which imposes a lower income-tax rate than that contained in the bill. There may be such a State, but I have not been advised of it.

The total tax revenue which will be derived under the provisions of the bill for the fiscal year 1940 is estimated to be \$42,270,000, as against total revenue for the District of Columbia for the fiscal year 1939 of \$42,137,277.

Mr. President, the appropriation bill for the District of Columbia is in conference on several items. As agreed to so far between the House conferees and the Senate conferees, the total appropriation of the general fund items is \$40,173,192. There are still in controversy items aggregating \$1,404,550. If the items of appropriation which are in controversy are agreed upon as passed by the Senate, the District of Columbia will need a total revenue of \$43,035,528 for the general fund appropriations, as against an estimated income of \$42,270,000. I entertain the hope, however, that there will be an agreement between the House conferees and the Senate conferees on the appropriation bill and that the appropriations will be brought approximately within the income of the District of Columbia.

Mr. President, I now call attention to the fact that the individual income tax is imposed only on those domiciled in the District of Columbia. It, therefore, necessarily excludes from its imposition all Senators and Members of the House of Representatives, the President of the United States, all Cabinet officers, and all Federal employees who have been brought into the District from the various States of the Union to serve their country in the National Capital, provided such employees have not of their volition surrendered their domiciles in the States and have voluntarily acquired domiciles within the District of Columbia.

When the conferees were considering this measure, as the distinguished Senator now presiding [Mr. TYNDINGS in the chair] will recall, the junior Senator from Nevada [Mr. McCARRAN] was recorded by me as voting against the imposition of any income tax, he being at the time necessarily

detained by important business in Nevada. I did so because of the stand taken by the junior Senator from Nevada before the Committee on the District of Columbia and by reason of conversations I had with him and the utterances he had made upon the floor of the Senate. At the same time I knew that the Senator from Nevada realized that there was a disagreement between the House and the Senate which was imperiling the fiscal functions of the District of Columbia, and that it was necessary for us, if possible, to agree upon a bill in order to provide the necessary revenue.

I had been advised by the office of the Senator from Nevada that the Senator from Nevada had telegraphed his secretary, as follows:

Advise OVERTON he has my proxy for any matter pertaining to District tax bill.

When, therefore, the conferees had agreed upon an income tax which was to be applied only to individuals domiciled in the District of Columbia, which provided very moderate rates, I felt that I was at liberty to affix the signature of the Senator from Nevada to the conference report. But, before doing so, I consulted with his office, the Senator from Nevada being still absent. His office advised me that there would be no objection to my signing the conference report on behalf of the junior Senator from Nevada.

However, Mr. President, out of abundance of caution, I telegraphed the junior Senator from Nevada as follows:

JULY 10, 1939.

Hon. PAT A. McCARRAN,

United States Senator,

% Postmaster Pete Petersen, Reno, Nev.:

Senate and House conferees on the District of Columbia tax bill agreed to a \$6,500,000 annual Federal payment, \$1.75 real-estate and personal-property tax, eliminated tax on intangibles and business privilege, and agreed to a corporate income tax and a very moderate personal income tax levied only against individuals domiciled in the District of Columbia, thereby excluding all Senators and Congressmen and Federal employees whose domiciles are in the States. The rates are 1 percent on first \$5,000 of taxable income, one-half of 1 percent on next \$5,000, 2 percent on next \$5,000; 2½ percent on next \$5,000, and 3 percent on taxable income in excess of \$20,000. Exemptions and deductions are the same as prescribed by Federal statute. It represents the best compromise that we could effect. Pursuant to suggestion of your office I signed your name to the conference report, which will be submitted tomorrow.

JOHN H. OVERTON,

United States Senator.

I did that, Mr. President, in order that, if the able Senator from Nevada had any objection to any of the provisions of the conference report, and especially the provision relating to the income tax, he could so advise me, and, if he objected to his name being signed to the conference report I would remove it. He did object, and, therefore, the conference report has been submitted without the approving signature of the Senator from Nevada.

The Senator from Nevada has telegraphed me and has asked me to read into the RECORD the telegram which he has addressed to me upon this subject. It is dated, Reno, Nev., July 10, 1939, and reads as follows:

RENO, NEV., July 10, 1939.

Hon. JOHN H. OVERTON,

United States Senator,

Senate Office Building, Washington, D. C.:

Your wire received. Our former conferences and conversation had led me to believe that you would never stand for personal income tax in any form. On this assumption I wired my secretary to authorize you to act as my proxy in conference on District of Columbia tax bill. I regret exceedingly to learn from your wire that you have overlooked the principle, which to my mind is all important, as against income tax in any form for those who may be domiciled in the District of Columbia or who may reside there. My high regard for you and my realization of your splendid study of the subject of taxation in the District of Columbia prompts me to have pause in the matter of opposing your views. However, in this matter I must disagree in that I believe no income tax should be imposed against those individuals who may be domiciled in the District of Columbia by reason of the location of the National Capital being in that District. I have expressed myself on this sub-

ject in the committee and elsewhere. The National Capital, located in the District of Columbia, calls upon the service of those whom the Government may seek to employ and who by reason of employment are required to live or be domiciled in the District. To impose income tax against those whom the Government calls to service, and therefore requires that they be domiciled in the District, is to my mind unfortunate and unworthy of Government taxing power. The District of Columbia is the Capital of the Nation, and those who are domiciled there, by reason of that fact, should not be penalized. Domicile and bona fide residence are different in point of significance. To my mind it is an absurdity to say the Government shall call upon public servants and demand their presence in the District of Columbia and pay them out of the National Treasury for serving the Government in the District of Columbia and then impose a tax against the wages or salaries of those who are so called into Government service. I realize that you did not yield your theories as to taxation in the District, which to my mind were entirely correct, unless the exigency of the occasion demanded something unusual. Based on my viewpoint, there is no compromise, and I respectfully request that you withdraw my name from the conference report and that this wire be read into the Record on the floor of the Senate in explanation thereof. Kindest personal regards.

PAT MCCARRAN.

Mr. OVERTON. Mr. President, I have taken the trouble to present the incident rather fully to the Senate because the request has come to me from the Senator from Nevada to do so. He desires that his attitude in reference to the income tax be fully explained and set forth before the Senate as detailed by him in the telegram he has forwarded to me and which I have read. I take great pleasure in complying with that request. I have found the able and distinguished Senator from Nevada of great service in working out the tax problems of the District of Columbia. There is no member of the committee and no Member of the Senate who has given more faithful and more studious and more patriotic application to this difficult and complex subject than has the junior Senator from Nevada.

It is true that I voted in the Committee on the District of Columbia against an income tax. I realized the difficulties of imposing an income tax in the District. If an income tax were imposed upon all Federal employees within the District, an injustice would be done Federal employees; and if an income tax were imposed which exempted all Federal employees living within the District, an injustice would be done to the District of Columbia. It is therefore a very difficult problem to undertake to settle, if there is to be any income tax at all. I finally agreed to the income tax in conference only when it was provided that the tax should be imposed exclusively on those domiciled within the District of Columbia. I took the position before the District of Columbia Committee and in conference that I would not support any legislation which would exempt Senators and Members of the House of Representatives and their official force from an income tax in the District of Columbia but would impose it on all others. I then took the position in conference that if we imposed an income tax only on those domiciled within the District, then we would be imposing it only on those who of their own volition had abandoned their domiciles in the States of their origin and had elected to make their permanent home or domicile here in the District of Columbia. Such persons, it may be justly contended, have no cause to complain against an income tax that is imposed upon them only because they have chosen to establish within the District of Columbia their permanent places of abode and to abandon their domiciles within the States.

Mr. President, I ask unanimous consent to have inserted in the Record at this point a memorandum showing the revenue collections for the District of Columbia for 1939 and the estimated revenue collections for 1940 on the basis of the District tax bill as agreed to by the Senate and House conferees, and also a memorandum setting forth certain figures with respect to appropriations for the District of Columbia for the fiscal year 1940.

There being no objection, the memoranda were ordered to be printed in the Record, as follows:

MEMORANDUM RELATING TO THE GENERAL FUND OF THE DISTRICT OF COLUMBIA FOR THE FISCAL YEARS 1939 AND 1940
Revenue collections for 1939 and estimated revenue collections for 1940, the latter based upon the District tax bill as agreed to July 7, 1939, by the Senate and House conferees

Source of revenue	Fiscal year—	
	1939	1940
Tax on real estate, \$1.75 rate.....	\$20,940,032	\$21,200,000
Tax on tangible personal property, \$1.75 rate.....	1,529,437	1,450,000
Tax on intangible personal property.....	2,810,623	1,50,000
Tax on public utilities, banks, building associations, etc.....	2,138,163	2,150,000
Personal tax on motor vehicles.....	626,429	650,000
Interest and penalties on taxes.....	319,180	350,000
Alcoholic beverages, licenses and taxes.....	1,927,981	1,950,000
Business privilege tax.....	1,884,773	1,200,000
Inheritance and estate taxes.....	430,641	500,000
Miscellaneous revenue.....	3,740,860	3,500,000
Credit arising from unexpended balances of appropriations.....	789,158	600,000
Personal net income tax.....		800,000
5 percent corporation net income tax.....		2,200,000
Prorating personal property tax on motor vehicles.....		20,000
Change in rates in taxes on public utilities.....		50,000
Part of fines and fees, U. S. district court and U. S. court of appeals.....		100,000
Federal payment.....	5,000,000	6,500,000
Total.....	42,137,277	42,270,000

¹ Estimated collection during 1940 of unpaid taxes on June 30, 1939.

NOTE.—Estimates for 1940 subject to revision.

Memorandum, general fund of the District of Columbia, fiscal year 1940

District of Columbia appropriation bill for 1940 now in conference (general fund items)—	
Total agreed to by the conferees.....	\$40,173,192
Increases made by the Senate still in disagreement—	
Relief.....	\$600,000
Buildings and grounds, public schools.....	804,550
	1,404,550
Possible maximum District of Columbia appropriation bill for 1940 (general fund items).....	41,577,742
General fund items to be provided for in other appropriation bills:	
60 percent of U. S. District Court, 30 percent of U. S. Court of Appeals.....	555,575
One-half of appropriations for Freedmen's Hospital (\$484,840).....	242,420
Executive office (special salary item).....	1,800
Supplementals, deficiencies, judgments, settlements of claims, etc.....	600,000
Assessor's office (additional personnel, etc., under new tax bill).....	57,991
Total estimated charges on above basis against District of Columbia general fund, fiscal year 1940.....	43,035,528

Mr. OVERTON. Mr. President, I move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, communicated to the Senate the intelligence of the death of Hon. SAM D. McREYNOLDS, late a Representative from the State of Tennessee, and transmitted the resolutions to the House thereon.

The message also announced that the House had passed the bill (S. 1575) to provide that the annual registration of motor vehicles in the District of Columbia shall be for the period from April 1 in each year to March 31 in the succeeding year, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had agreed to the amendment of the Senate to each of the following bills of the House:

H. R. 4499. An act authorizing the county of Gallatin, State of Illinois, its successors and assigns, to construct, maintain, and operate a bridge across the Ohio River at or near the city of Shawneetown, Gallatin County, Ill., to a point opposite thereto in the county of Union, State of Kentucky; and

H. R. 5452. An act to provide certain benefits for World War veterans and their dependents, and for other purposes.

The message also announced that the House had agreed to the amendments of the Senate to each of the following bills of the House:

H. R. 2296. An act to restore certain benefits to World War veterans suffering with paralysis, paresis, or blindness, or who are helpless or bedridden, and for other purposes; and

H. R. 5479. An act granting annual and sick leave with pay to substitutes in the Postal Service.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 5407) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. CHANDLER, Mr. McLAUGHLIN, and Mr. MICHENER were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

The message also announced that the Speaker pro tempore had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H. R. 733. An act for the relief of S. A. Rourke;

H. R. 2296. An act to restore certain benefits to World War veterans suffering with paralysis, paresis, or blindness, or who are helpless or bedridden, and for other purposes;

H. R. 3537. An act to extend the facilities of the United States Public Health Service to active officers of the Foreign Service of the United States;

H. R. 3541. An act for the relief of John Chastain and Mollie Chastain, his wife;

H. R. 3576. An act to make effective the provisions of the Officers' Competency Certificates Convention, 1936;

H. R. 4370. An act authorizing the city of Chester, Ill., to construct, maintain, and operate a toll bridge across the Mississippi River at or near Chester, Ill.;

H. R. 4497. An act to prescribe rules for the enrollment of Menominee Indian children born to enrolled parents, and for other purposes;

H. R. 4499. An act authorizing the county of Gallatin, State of Illinois, its successors, and assigns, to construct, maintain, and operate a bridge across the Ohio River at or near the city of Shawneetown, Gallatin County, Ill., to a point opposite thereto in the county of Union, State of Kentucky;

H. R. 4511. An act to extend to Sgt. Maj. Edwin O. Swift, United States Marine Corps (retired), the benefits of the act of May 7, 1932, providing highest World War rank to retired enlisted men;

H. R. 5288. An act to amend section 691-a of the Code of Law of the District of Columbia, approved March 3, 1901, and of any act or acts amendatory thereof relating to foreign building and loan associations doing business in the District of Columbia;

H. R. 5346. An act for the relief of Mrs. A. R. Barnard, Charles A. Stephens, Donald W. Prairie, and dependents of Vern A. Needles;

H. R. 5452. An act to provide certain benefits for World War veterans and their dependents, and for other purposes;

H. R. 5479. An act granting annual and sick leave with pay to substitutes in the Postal Service; and

H. R. 6836. An act to amend the act entitled "An act for the grading and classification of clerks in the Foreign Service of the United States of America, and providing compensation therefor," approved February 23, 1931, as amended.

AMENDMENT OF SOCIAL SECURITY ACT

The Senate resumed the consideration of the bill (H. R. 6635) to amend the Social Security Act, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the first amendment reported by the committee.

Mr. HARRISON obtained the floor.

Mr. BARKLEY. Mr. President, will the Senator yield to me? This is an important matter, and I think as many Senators as possible should hear the Senator's explanation of it. If he will permit me to do so, I should like to suggest the absence of a quorum.

Mr. HARRISON. Mr. President, I do not want to object to the Senator's suggestion; but, as Senators are at luncheon at this time, it is very difficult to keep them in the Chamber.

Mr. BARKLEY. If they knew that the Senator from Mississippi was about to speak on this bill, I think probably they would come in. At any rate, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Ellender	Lee	Schwollenbach
Andrews	Frazier	Lodge	Sheppard
Austin	George	Logan	Shipstead
Barbour	Gerry	Lucas	Slattery
Barkley	Gibson	Lundeen	Smith
Bilbo	Gillette	McKellar	Stewart
Bone	Glass	McNary	Taft
Borah	Green	Maloney	Thomas, Okla.
Bridges	Guffey	Mead	Thomas, Utah
Bulow	Gurney	Miller	Townsend
Burke	Hale	Minton	Truman
Byrd	Harrison	Murray	Tydings
Byrnes	Hatch	Neely	Vandenberg
Capper	Hayden	Norris	Van Nuys
Chavez	Herring	Nye	Wagner
Clark, Idaho	Hill	O'Mahoney	Walsh
Clark, Mo.	Holman	Overton	Wheeler
Connally	Holt	Pittman	White
Danaher	Johnson, Calif.	Radcliffe	Wiley
Davis	Johnson, Colo.	Reed	
Donahay	King	Reynolds	
Downey	La Follette	Schwartz	

The PRESIDING OFFICER. Eighty-five Senators having answered to their names, a quorum is present.

Mr. HARRISON. Mr. President, the proposed legislation is so important that I shall occupy the time of the Senate to make a brief explanation of the more important changes made in the present law by the bill passed by the House and the changes made by the Finance Committee in the House provisions.

I shall not burden the Senate with a discussion of the high purposes of social-security legislation. When the Social Security Act was passed, in 1935, both the reports of the committees accompanying the legislation and the pages of the CONGRESSIONAL RECORD attested the object and applauded the purposes of the legislation.

We all knew when we passed that legislation that it was not perfect, and that in the course of time it would have to be supplemented and changed in many material respects. I shall confine my remarks to a brief explanation of some of the more important substantive amendments which have been adopted by the House or which have been proposed by the Senate committee and which are now before the Senate.

The major changes proposed relate to old-age insurance. It will be recalled that when the law was passed in 1935 an old-age insurance tax beginning at 1 percent on the employer and the employee was imposed, and that rate was to continue until 1940, at which time it was to be increased to 1½ percent on the employer and employee, that rate to be in effect until 1943. The rate then was to increase to 2 percent on each until 1946, and would reach the maximum of 3 percent on each in 1949.

The House bill provides for freezing the tax at the present rate for 1940, 1941, and 1942; and the Committee on Finance recommends the adoption of this proposal.

I see before me the senior Senator from Michigan [Mr. VANDENBERG], and I wish to give to him full credit for the sentiment that was created, and for what has come out of the suggestions he and others made with reference to the freezing of the tax.

Mr. VANDENBERG. Mr. President, the Senator is very generous, but nothing would have resulted without the hos-

pitiable cooperation of the able chairman of the Committee on Finance.

Mr. HARRISON. I thank the Senator, of course, but he made the suggestion, and it has now received the practically unanimous recommendation of both the Ways and Means Committee of the House and the Finance Committee of the Senate. So this tax will not be increased in 1940 but will be frozen and will remain at 1 percent on the employer and 1 percent on the employee.

It has been estimated that this tax reduction will amount to some \$275,000,000 in 1940, and, for the 3-year period, to some \$825,000,000.

The old-age benefit provisions in the present law have been greatly liberalized. Under the present law, old-age insurance benefits are based on an individual's total wages in covered employment before 65 years of age. The only monthly benefits payable are to the individual who earns these wages; and if he dies before getting any benefits, an amount equal to 3½ percent of his wages is paid to his estate. If he gets some benefits, but less than 3½ percent of his total wages, the difference is paid to his estate. Under the system, no regard is had as to whether he has a dependent wife, or whether he dies leaving a child, widow, or parents.

No monthly benefits are payable until 1942, and the number receiving benefits then would not be large, because before being entitled to benefits under the present law, a person must have total wages of at least \$2,000, and must have been in covered employment in at least some part of each of 5 separate calendar years after 1936.

It is not in a spirit of criticism that I state that the present provisions afford very little protection in the early years, and will be very expensive in the later years. I should like to remind the Senate, however, that it is because of this fact that we find the pay-roll taxes necessary to finance the system under the law would greatly exceed the amount paid out in the early years, and the reserves built up from these taxes to finance the benefits in the later years would be very large indeed.

The amendments before the Senate in the bill now presented would modify this system by beginning the monthly benefit payments in 1940, instead of 1942, and would base the benefits on average wages rather than total wages. Under the present law the total wage received, before one is eligible to be covered in, is \$2,000. The amendments would also include a system of benefits for aged wives, which is not in the present law, and for widows who are aged or who have dependent orphans in their care, for aged dependent parents, and for orphans. Where there are no surviving dependents, reasonable burial expenses will be provided.

In my opinion, the provisions with reference to these old-age benefits have been immeasurably liberalized, and will be of inestimable benefit to that large portion of our population.

The amendments of the law ought to have a very great effect on the large appropriations, which have been necessary and which have been made by Congress for the relief of unemployment in this country, because with the liberal treatment afforded by the proposed legislation to the people who have been working and who will obtain the benefits after 1940, while in some instances the payments will not be large, they will be large enough so that it will not be necessary for those people to be placed on relief rolls, and there will be less pressure on the Federal Treasury for such enormous amounts.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. VANDENBERG. In most of the instances where changes have been made the sum total outgo over the next 30 or 40 years will remain the same, I understand.

Mr. HARRISON. The Senator is correct.

Mr. VANDENBERG. In other words, the amendments reduce the payments at the farther end of the period and increase them at this end of the period?

Mr. HARRISON. That is true.

Mr. VANDENBERG. But the sum total will remain the same, so that the system will remain reasonably in actuarial

balance. But there is one point at which the committee made an amendment which will increase the outgo during the next 15 years some five or six hundred million dollars. Is the Senator intending to discuss that in particular?

Mr. HARRISON. I shall call the attention of the Senate to that matter.

I should like to mention the effect of these provisions for more liberal benefits in connection with the reserve account. Not only is there less disparity between the tax receipts and the benefit payments, but the bill provides that regular reports shall be made to Congress each year as to whether the proceeds of the pay-roll taxes will result in a reserve greater than three times the highest annual expenditure required in the ensuing 5 years. Congress can act in the light of these reports if they indicate the need for any change in the tax structure, and the maximum reserve should never exceed \$15,000,000,000, even in the later years. Those who have expressed so much concern over the size of the reserve which is incident to the present law should feel comforted at this change.

I might add that the measure authorizes a permanent appropriation, so that without the necessity of an annual appropriation, as is now the case, the total of the old-age insurance tax collections will go into the reserve.

Further, the bill sets up a board of three trustees, the Secretary of the Treasury, the Chairman of the Social Security Board, and the Secretary of Labor, and the funds will be in a trust fund, which is to be called the "Federal Old-Age and Survivors Insurance Trust Fund."

I may say in this connection that under the present law these funds have been used for the purchase of Government bonds, and that the rate of interest was fixed at 3 percent. We have changed that in this proposal, and while special obligations may be issued, such obligations will bear interest at a rate equal to the average rate of interest on the public debt, in effect at the date of issue of the obligations.

Mr. VANDENBERG. Mr. President, if it will not interfere with the Senator's narrative, I should like to have the RECORD clear at this point with respect to the full reserve to which the Senator has referred.

Under the original proposal the full reserve would have reached \$47,000,000,000 in 1980. Under the amendment pending, as the Senator has stated, nothing like \$47,000,000,000 will ever be contemplated, but the maximum reserve will probably not exceed \$15,000,000,000.

Mr. HARRISON. The Senator is correct.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. WAGNER. Under the freezing of the tax for a period of 3 years and the contributions that are to be made over a period of years, will there come a time before 1980 when the amount of money required to pay the benefits will exceed the amount of contributions received under the taxes?

Mr. HARRISON. I am fearful that that is true. I do not think there is any doubt about that.

Mr. WAGNER. So there will come a time when we will have to make up our minds either to increase those contributions or have a Government contribution?

Mr. HARRISON. Yes; I think the committee understands that is probably true.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. VANDENBERG. I think the Senator from New York is completely correct in his statement. There must be a general public contribution to offset what would have been the contribution obtained through the interest on the reserve fund, and our contention has been from the beginning that we might as well make it frankly in the form of a straight contribution rather than to make it through the detour of interest on the reserve.

Mr. WAGNER. Yes; I would be in favor of a contribution from the Federal Government at the present time as all other countries have. I wanted to have that appear clearly on the record.

Mr. HARRISON. Mr. President, I do not think there is any doubt about that being true.

Just before mentioning the reserve, I stated that under the provisions of the House bill, supplementary benefits would be payable, and that there would be an increased liberality in the amount of all monthly benefits. The Finance Committee has approved this liberalized schedule of benefits. Your committee has, however, offered perfecting amendments with respect to eligibility for benefits.

I may say also that in the committee hearings there were certain matters—questions which were propounded by the Senator from Wisconsin [Mr. LA FOLLETTE], and from those questions there was shown to be certain anomalies and we made certain changes. These were made with the approval of the Social Security Board. I think these changes, if adopted, would greatly improve the bill.

One of these amendments is to better take care of the situation of people who are already 65 or over. It is felt that these people should be permitted to earn credits at the earliest possible date, and your committee proposes an amendment which would make coverage of employment after 65 effective January 1 of this year, instead of January 1 of next year, as is proposed in the House measure. This will permit earlier retirement for these people, and in some instances, where they will not be able physically to work much longer, will mean the difference between their receiving benefits and not receiving benefits.

Mr. VANDENBERG. Mr. President, is this the amendment which increases the total cost \$600,000,000 in the next 15 years?

Mr. HARRISON. Yes; it is estimated that over a period of 15 years that would entail a cost of about \$600,000,000 plus, but that comes out of the trust fund financed by the pay-roll taxes.

Mr. VANDENBERG. Yes; but the fund was not figured in contemplation of that payment.

Mr. HARRISON. No; we have liberalized it to that extent in order to take care of these people who would not receive the benefit if they worked the time required in the amendments offered in the House and in the present law without the proposed changes. It will cost the fund \$600,000,000 plus by virtue of these changes. I might mention that this is only a small fraction of the increase contemplated in the benefits payable in the next 15 years.

Mr. VANDENBERG. Yes. The only point I was making was that the changes are utterly humane and thoroughly justified by every heart consideration that a man may have. Yet they are not justified on the basis of the tax which is being collected to pay for social security under title II, and if we are to continue liberalizing the benefit payments to an extent which will increase the sum total of benefit payments we have either got to increase the tax rate sooner or later, or we are merely fooling folks by inviting them into a system that is going bankrupt one of these days.

Mr. HARRISON. The Senator is absolutely correct. But we felt that the liberal treatment could be accorded even though over a 15-year period it will be very costly. We felt the action justified, however.

Mr. KING. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. KING. I assent to the statement made by the able Senator from Michigan, and I desire to supplement that statement. We are liberalizing, as has been said, many provisions of the bill, and that will only lead to demand for further liberalization at the next session of Congress, and additional liberalization, until within a short time the fund will be bankrupt and we will be utterly unable to meet the demands which will be made upon it. Demand will then be made that we resort to the Federal Treasury, and I make the prophecy—although I am not a prophet nor the son of a prophet—that within 4 or 5 years, under the policy which we are pursuing, we will have a bankrupt organization in some branches of this important security agency.

Mr. HARRISON. Mr. President, the second perfecting amendment is to change the basis of eligibility from a re-

quired number of years' employment to a required number of quarters' employment.

In the House bill eligibility for retirement benefits for those now 65 would require that they must earn in covered employment \$200 per year for 2 years and earn a total before retirement of \$600.

The Senate committee proposal substitutes the requirement of six quarters with wages of \$50 a quarter, which would amount to \$300. This shows the liberality that actuated the committee.

Your committee feels that the general principle of the House bill should be followed, so that persons who will have a longer period to be in the system will be required to be in the system half of the quarters after 1936, rather than one-half of the years, as is provided in the House bill. The provision of the House bill makes people eligible who will not have been in the system one-half the time after 1936 and before they reach 65, if they are in the system 15 years before they retire. Your committee proposes to substitute 40 quarters for the 15 years' retirement.

It is felt that changing the eligibility requirements from years to quarters and giving coverage for 1939 to those now over 65 will very greatly increase the number who will be in a position to retire during 1940.

To increase the adequacy of benefits for married men who will retire after having earned very low average wages, your committee proposes to make the minimum benefit which will be paid the wage earner with an aged wife \$10, as is the case now under the House bill, where no wife's benefit is payable. Under the Senate proposal then, the minimum benefit to an aged couple would be \$15, \$10 for the wage earner and \$5 for the aged wife. Under the House bill, it would be \$6.67 for the wage earner and \$3.33 for his wife.

The measure before you contains changes not only relating to old-age insurance, but to unemployment compensation. As you will recall, there is a Federal Unemployment Compensation pay-roll tax, which is at the rate of 3 percent. This tax is at present levied on a wages-earned basis, and is imposed only on the employer. For example, the tax would be due on commissions earned by an employee in a tax year, whether paid or not. Frequently a situation later arises so that the calculated amount on which the tax was paid is found to be erroneous and readjustment is required.

It would be much simpler to have the tax apply when the wages are actually paid, as is the existing law in the case of old-age insurance taxes. Your committee accordingly recommends that the amendments be adopted which will effect this change, placing the employment-compensation tax on the same basis as the old-age insurance tax in that particular.

Unemployment-compensation taxes are based on all wages an employer pays his employee, regardless of the amount, while the old-age insurance tax is effective only as to the first \$3,000 paid in a year. For instance, at present the tax under the law is on the entire salary paid an employee, even if it is \$100,000 a year. We have proposed the limit of \$3,000 and the tax imposed accordingly, placing it on the same basis as is the present law on old-age insurance.

Under the House proposal the \$3,000 limit would be placed in the unemployment-compensation tax, and your committee recommends the adoption of this proposal.

A further amendment which is proposed allows refunds and abatements, giving relief to employers who paid their 1936, 1937, and 1938 unemployment compensation contributions late. Because of failure to pay on time, many employers have lost their 90-percent credit against the Federal tax. The proposed provisions would permit this credit, and would take care of the future by giving a longer time for payment of contributions. For example, if contributions are paid by June 30 following the due date of the Federal return, while there would be no credit under existing law, the employer would lose but 10 percent of his credit under the proposed amendments. These amendments also have provisions taking care of situations in which late payment is occasioned by assets of the taxpayer being in the custody

of the court, or because the employer made a mistake and paid his contribution to the wrong State. It is felt that all of these amendments are equitable and should go a long way toward correcting hardships under the present law.

There are several important revisions proposed to the present coverage of the act. Certain services are exempt, including those for agricultural and horticultural associations, voluntary employees' beneficiary associations, local or ritualistic services for fraternal beneficiary societies, and services of employees earning nominal amounts—less than \$45 per quarter—from nonprofit institutions exempt from income tax. Newsboys and boys distributing the Shopping News are excluded. Family employment, such as employment of a son by his father, will be excluded in the old-age insurance tax. This exclusion is existing law as to the unemployment-compensation tax.

Mr. DAVIS. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. DAVIS. The provision as to the Shopping News is limited to boys under 18 years of age, is it not?

Mr. HARRISON. Yes. This is true also as to newsboys.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. DANAHER. What provision is there for independent contractors, such as insurance salesmen?

Mr. HARRISON. I am coming to that question.

There is also a clarification and extension of the agricultural labor exemption of the present law. The present law exempts "agricultural labor" without defining the term. This bill defines the term so that the law will prescribe more definitely the extent of the exemption. The definition is so drawn that all service of the sort ordinarily performed on or about a farm, in connection with its operation or in producing crops or livestock, will be exempt from the act, and so that other services which are closely related to or an integral part of farming activities will also be exempt, even though they may not be performed on a farm.

There is a clarification of the present law relating to Federal and State instrumentalities. At present some institutions, such as banks, are exempt as national banks and State member banks of the Federal Reserve System. This proposal was very carefully studied, and there is a general approval of the clarification by those affected.

No opposition was expressed by the banking institutions of the country.

There is a proposal in the House bill for the extension of coverage to salesmen. Under the present law, whether a salesman is covered depends upon the test of whether he is an employee in the legal sense, and your committee believes that it would be unwise at this time to attempt any change. In this connection, however, your committee does propose an amendment with respect to the unemployment-compensation tax. Several States have exempted insurance salesmen from coverage, and your committee believes that it would be wise to exclude from the Federal unemployment-compensation tax insurance salesmen whose sole pay is by way of commission. This would, of course, still leave the States free to cover this employment when they choose to do so, but it would eliminate the present situation, where the entire Federal tax, without any offset for State unemployment contributions, comes to the Federal Government where the State exempts this employment. The principal class of insurance salesmen which would be affected is that class engaged in what is generally called industrial insurance. The proposed amendment of your committee would not affect the rights of any insurance salesman to old-age insurance, but would leave their situation as to being covered or not covered just as it is under existing law.

The House bill proposes to cover maritime employment for old-age insurance purposes, but not for the unemployment-compensation tax.

American seamen have expressed a strong desire for coverage, and there has been practically no opposition to this request. Your committee concurs in this proposal, but with an amendment excluding services by fishermen and by the crews

of fishing vessels. No request for coverage has come from this group, and it is not felt expedient to extend coverage until a special study has been made of the particular problems and desires of those who would be affected.

Mr. DAVIS. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. DAVIS. One of the leaders of the fishermen called on me this morning. They are objecting to the exemption.

Mr. HARRISON. They want to be included?

Mr. DAVIS. They want to be included.

Mr. HARRISON. What kind of fishermen does he represent?

Mr. DAVIS. All kinds of fishermen.

Mr. HARRISON. In many places an oyster or shrimp gatherer who has perhaps one or two employees goes out in his own boat. He sells his oysters or shrimp to the cannery. We have had no request from such people to be included. There was no suggestion to the committee that they be included, and we felt that the matter required study. In the course of time the Social Security Act will have to be further amended. It is not yet perfect. I think we have helped it greatly. However, as long as we are here we shall have to make certain amendments to it. We have exempted fishermen with the feeling that this is the practical approach. Their wishes in the matter should be known before we determine on their coverage.

The remaining matters affecting unemployment compensation are of a highly technical nature. I shall merely mention the Finance Committee action in proposing an amendment to strike out the McCormack amendment and the 2.7 amendment relating to additional credit.

No doubt many Senators have received letters with reference to the so-called McCormack amendment, giving the Social Security Board authority to fix certain standards for States. Certain States have enacted laws giving ratings to certain groups of employees. It would be necessary for the legislatures of such States to change the present State laws. We considered that matter very carefully.

Under the existing law employers who have merit rating under State laws containing certain standards with respect to merit rating experience may receive credit against the Federal unemployment compensation tax for a full 90 percent, when their contributions are reduced under the State law. The McCormack amendment proposed that when certain standards as to adequacy of benefits were met, and the State funds were equal to one and one-half times the largest annual contribution to the fund or the largest annual expenditure from the fund, there could be a general reduction of contributions required of all employers, and these employers would retain their full credit against the Federal tax.

The 2.7 provision requires States which do not meet the benefit and reserve standards set up in the McCormack amendment to provide that the employers in the State will make a total of contributions equal to that which would be paid in if each employer were contributing at a 2.7 rate. In other words, if some employers are to receive credit against the Federal tax for reductions in their contributions, other employers would have to contribute more than 90 percent of the 3-percent Federal tax.

Your committee heard considerable testimony as to these proposals and felt after the hearings that it would be unwise at this time to make such material changes in the existing law. The representative of many State unemployment compensation agencies appeared before us and objected to the standards laid down in the House bill. They felt that they were getting along very well under the present law. The problem should be very carefully worked out. Your committee took the view that under the circumstances it would be dangerous for us to tamper with the present law, and I hope the Senate will also take that view of it.

The last thing I should like to mention is the change in some of the present provisions for grants-in-aid to States.

Under the House bill the Federal matching for dependent children was increased from one-third to one-half. Your committee concurs in this proposal. Under the present law

the Federal Government contributes a third. The House bill provides for equal contributions.

Your committee also recommends an amendment which changes the maximum payment toward which the Federal Government will contribute from the existing law of \$18 for the first and \$12 per additional dependent child to an average of \$18. This gives much more flexibility to the matching, eliminates much auditing, and allows exceptional circumstances to be met more equitably. The cost of the proposed amendment of your committee would be very small. The estimate of the increased matching ratio will range from thirty to sixty million, depending upon State action.

Your committee also proposes amendments authorizing increased appropriations for maternal and child-health services from the present three million eight hundred thousand to five million eight hundred and twenty thousand, and for crippled children from two million eight hundred and fifty thousand to three million eight hundred and fifty thousand.

The House bill increased the authorization for vocational rehabilitation from \$1,938,000 to \$2,938,000 and included Puerto Rico. Your committee recommends that the amount be increased from \$1,938,000 to \$4,000,000. Each State would receive an allocation of not less than \$30,000 under your committee's amendment.

It is also proposed that the authorization for the public-health work be increased from the present limitation of \$8,000,000 to \$12,000,000. The Senate committee was very much impressed with the services rendered by the Public Health Service, the Children's Bureau, and the Office of Education and approved these increased authorizations. We believe the increases are justified by the facts. The Children's Bureau, under Miss Lenroot, has worked wonders, and the effects of its work is seen among children throughout the country. The allocations to the various States for public-health work in the rural sections throughout the country have been of great benefit to many unfortunate persons who were far away from a doctor or from any attention they might need.

I may say that the Finance Committee went very carefully into all these proposals and feels that the proposed changes in the existing law are amply justified.

As to old-age assistance and blind assistance, there is a proposed change in the House bill raising the amount the Federal Government will match from \$15 to \$20. Under the present law, as Senators know, the Federal Government matches the contributions of the States up to \$15. So if a State can contribute \$15 to a needy person who is 65 years of age or over, the Federal Government will likewise contribute \$15. The House raised that limit to \$20 upon the part of the State and provided that the Federal Government would match the State contribution up to \$20.

About the only contest in the Finance Committee arose over the question of requiring the Federal Government to extend greater assistance to States for our elderly people. There were two proposals before the committee. One was suggested by the Senator from South Carolina [Mr. BYRNES], who is chairman of the Unemployment and Relief Committee, which was appointed at the last session of the Congress to study the question of unemployment and relief and to try to solve that problem. He appeared before the committee and endeavored to have it carry out the recommendations of his committee and to make allocations to the States on the basis of the per capita income of residents of the State to the per capita income of the Nation as a whole. That would have assisted greatly many needy States. I may say to the Senate I voted for that amendment not only as a member of the Byrnes committee on unemployment but I voted for it in the Finance Committee. I was very hopeful that it would be adopted, because there are many States in the Union that cannot respond even to the \$15 maximum that is provided in the present law. My State is among the number of the States so situated. No man can get any glory from answering criticisms that the old people residing in his State receive only about \$7—half from the State and half from the Federal Government. I have an abiding conviction that some States have about reached the maximum of

their ability to pay under present conditions and unless the Federal Government provides additional aid the old people who are in need will have to suffer.

Someone may say that the poorer States have spent a great deal of money for roads. Of course they have. They have spent money for roads because they wanted to get out of the mud; and they have also had to spend money for schools. There are many problems that affect some sections of the country that do not affect other sections; but the States have to carry those loads. So I felt that the amendment offered by the Senator from South Carolina was entirely justified. When it was defeated the distinguished Senator from Texas [Mr. CONNALLY], a member of the committee, offered an amendment that up to \$15 would require the Federal Government to put up \$2 to the State's \$1. That would have practically insured to every old person in need about \$15. The increase would apply to the poorer States and the richer States, because all would have contributed alike up to \$15, on the matching basis of \$2 by the Federal Government and \$1 by the State. The cost involved under the amendment of the Senator from Texas was estimated at about \$80,000,000 per year, and under the Byrnes amendment the cost was estimated to be from \$30,000,000 to \$40,000,000 per year.

Those questions will come before the Senate during the further debate on the pending bill. I never like to vote against my committee—I always am a committee man—yet in this one case, I may say to the Senate, when these amendments are offered I shall vote for the proposals. I believe they are justified by the facts, and have advised the Finance Committee that I shall support them.

I may say in connection with liberalizing benefits, that while I am not for the Townsend plan, and never have been for it, nevertheless, credit must be given Dr. Townsend for helping to bring the needs of the aged before the American people. To him should be given a part of the credit for what the House has done with reference to raising the Federal contribution limit even to \$20, though, in my opinion, very few States will get any advantage. I believe there are only three or four States that would profit by the change the House has made, as only those who pay pensions in excess of \$30 would get any additional Federal assistance.

Mr. DOWNEY. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. DOWNEY. I am sure that if Dr. Townsend were here he would ask me to extend his appreciation for the very courteous remarks made concerning him by the Senator from Mississippi.

Mr. HARRISON. Mr. President, there is nothing that has touched me more than the plight of our needy aged people. I know if I go to one of the departments in an effort to assist one who is 50 or 55, or older, in getting employment, the door is not open to him. I am told, "Go over to some other bureau or some other department." I have been unable to assist many such persons, many of whom needed assistance, to obtain Government employment.

If the same person goes to a private corporation in this day and time and endeavors to obtain employment, is he employed? Oh, no; the corporations want the younger men and women. So the older person is left out in the cold, but we ought to see to it that, at least up to \$15, every individual in this country, if in need, whether he lives in Mississippi, or New York, or Massachusetts, or California, through Federal cooperation with the States, shall be given \$15 a month.

Someone may say that will not help them much. It will help them a great deal everywhere in this country, if we provide a means whereby under State old-age assistance an aged person with no other means of support will be assured a minimum of \$15 a month.

Mr. President, I have said all that I desire to say. I hope we may expedite consideration of this bill. I think the bill is a fine and constructive piece of legislation. It is not perfect, but it is along the right lines of endeavor.

The PRESIDING OFFICER. The first amendment reported by the committee will be stated.

The first amendment of the Committee on Finance was, under the heading "Title I—Amendments to Title I of the Social Security Act," on page 2, line 9, after the word "administration" and the parenthesis, to strike out "other than those relating to selection, tenure of office, and compensation of personnel" and insert "including, after January 1, 1940, methods relating to the establishment and maintenance of personnel standards on a merit basis", so as to read:

SEC. 101. Section 2 (a) of the Social Security Act is amended to read as follows:

"(a) A State plan for old-age assistance must (1) provide that it shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them; (2) provide for financial participation by the State; (3) either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State agency to supervise the administration of the plan; (4) provide for granting to any individual, whose claim for old-age assistance is denied, an opportunity for a fair hearing before such State agency; (5) provide such methods of administration including, after January 1, 1940, methods relating to the establishment and maintenance of personnel standards on a merit basis as are found by the Board to be necessary for the proper and efficient operation of the plan; (6) provide that the State agency will make such reports, in such form and containing such information, as the Board may from time to time require, and comply with such provisions as the Board may from time to time find necessary to assure the correctness and verification of such reports; (7) effective July 1, 1941, provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming old-age assistance; and (8) effective July 1, 1941, provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of old-age assistance."

Mr. LA FOLLETTE. Mr. President, when the original Social Security Act was pending in the Congress there were provided in the act certain standards which the State plans must meet before they could be approved by the Board. Greatly to my disappointment, Congress saw fit to exclude from among the various items which must be approved those relating to the selection, tenure of office, and compensation of personnel. The result was that the Social Security Board had no right to require that the State plan should include provisions for the selection of State personnel under the merit system.

Senators who have followed the history of the administration of the Social Security Act since it went upon the statute books are familiar with the fact that in several States of the Union such a condition has resulted from the provision of law which is now sought to be stricken from the bill that the Board has had to take the extreme action of denying their benefits to elderly persons under the system set up. But this drastic action was the only recourse left to the Board under the existing law.

The Finance Committee has now included in the provisions which must be included in every State plan after January 1, 1940, methods relating to the establishment and to the maintenance of personnel standards on a merit basis. As I understand and construe the amendment, it will mean that each State plan will have to provide, as a condition of securing approval by the Board, that the personnel selected within the State to administer the law shall be selected on a civil-service or merit basis. The amendment does not in any way, as I view it, extend to the Board the right to pick and choose between individuals who are to be selected; but under this provision, if it becomes a law, the Board may require that each State shall set up a satisfactory merit system for the selection of the personnel.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. In just a moment.

Because I believe the amendment is an important step forward in the administration of the social-security law, and because I believe it is very important that it become law, I rose merely to point out the situation to the Senate, so that there could be no question that the Senate fully realized the import of the amendment, and to ask that there be a record vote upon it, so that the Senate may be put upon record, and so that it may be evident to all concerned that the Sen-

ate has given consideration to this matter and that it has taken a record vote thereon.

I now yield to the Senator from Massachusetts.

Mr. WALSH. Mr. President, first of all, I desire to say that I am in full accord with what the able Senator from Wisconsin has said; and I sincerely hope there will be a record vote, so that we may emphasize the position of the Senate on this amendment.

I should like to ask the Senator if this amendment is not the outgrowth of complaints and criticisms which have prevailed throughout the country because of the manner in which the Social Security agents and investigators employed in the several States have acted, to the dissatisfaction and against the protest of the Social Security Board, and also if the amendment is not in part the result of the investigation made last year by a committee of the Senate during the senatorial campaign which exposed some of the political activities of these employees in the various States?

Mr. LA FOLLETTE. I think the Senator from Massachusetts is correct in his statement; and I desire to say to the Senator that ever since I have known about his service in the Senate—and it dates back to his first term in this body—I have known that he has been an ardent advocate of the merit system for the selection of Government personnel.

I do not desire to be drawn into a discussion of the particular States where difficulties have arisen, nor do I wish to go into additional information which is in my possession about other States where the Board has not acted because it has not felt justified in taking the drastic action of withholding Federal contributions, and thereby penalizing the old people who are receiving the pensions; but there are other States where the Board has not acted, and where the situation is one that has brought about criticism.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield with pleasure to the Senator from Wyoming.

Mr. O'MAHONEY. I merely desire to ask the Senator from Wisconsin whether he is of the opinion that the language of the amendment is such as to provide a definite tenure for the personnel that may be appointed. In other words, is the phrase "on a merit basis" sufficiently definite to prevent the removal of personnel with possible changes of administration in the States?

Mr. LA FOLLETTE. I will say to the Senator that the amendment is somewhat in the nature of a compromise which comes out of the committee after some discussion. It is an important step in the right direction, and I have great confidence that it will accomplish its purpose. I may say to the Senator that I have the feeling that we should take this step, since it is the result of some discussion and compromise in the committee, and we hope to retain it in conference; and I have every reason to believe that it is of sufficient definiteness so that a merit system, as the term is commonly understood, may be required by the Board.

Mr. O'MAHONEY. Does the amendment give the Social Security Board discretion to fix the standards, or does it permit the standards to be modified in the several States?

Mr. GEORGE. Mr. President, I may say that the amendment does not give the Social Security Board power to fix the standards, but it does give the Board power to approve merit systems which the States must in the first instance set up.

Mr. LA FOLLETTE. That is my understanding of the matter; and I think I am at liberty to say that the chairman of the Social Security Board, who has been very much interested in the whole situation, believes that the amendment as drawn provides a workable basis and a workable standard which the Board will find satisfactory in dealing with the States.

Mr. HATCH. Mr. President—

Mr. LA FOLLETTE. I yield to the Senator from New Mexico.

Mr. HATCH. The Senator will recall that during some of the discussion which took place here last summer about various amendments which were proposed, a great deal was

said about employees of the Social Security Administration engaging in political activity within the States. Frankly, I have drawn and lying on my desk an amendment which I was at least thinking about offering, and which is much more drastic in its terms than this amendment. In view of what the Senator has just said about this amendment being the result of a compromise, and his belief that it is a step in the right direction, I am wondering if he thinks it is sufficient to cover some of the things which were discussed here last summer.

Mr. LA FOLLETTE. I believe that under this language, if it shall become law, the Social Security Board will have power to require the establishment of a genuine merit basis for the selection of personnel. As I stated a moment ago, I have every reason to believe that the chairman of the Social Security Board feels that the present language is sufficient, and that a very sound and workable system can be established under the terms of the committee amendment.

Mr. HATCH. Of course the Senator understands that my question was not prompted by any opposition to the amendment.

Mr. LA FOLLETTE. I understand that; and I also wish to commend the Senator from New Mexico. In every way I have done all that I could to support his efforts in connection with the so-called Hatch bill and other legislation of similar character.

Mr. HATCH. I appreciate the support the Senator has given. My only thought was whether the amendment goes far enough.

Mr. LA FOLLETTE. As I stated in response to the inquiry of the able Senator from Wyoming [Mr. O'MAHONEY], it is my belief that we are making a great step forward, and that we should accept the amendment as it comes from the committee, in the nature of a compromise, and make every honorable effort to retain it in conference, with full confidence that under the administration of the Social Security Board the results which we desire to see obtained will be obtained.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield, with pleasure.

Mr. TAFT. Coming from one of the States where very serious abuses occurred, which now have been corrected, I thoroughly approve of the Senator's amendment; but one question arises in my mind.

As I understand, a good many of these State plans are statutory plans. In some places it may be necessary to enact statutes. Will it not be embarrassing to have this amendment take effect on the first of January 1940? Would it not be better to make the effective date April 1 or July 1, so that the State legislature may be called together and meet and act?

Mr. LA FOLLETTE. I may say to the Senator from Ohio, in the first place, that I very much appreciate his statement. Also, I wish to say that this is not my amendment. The amendment was tendered to the committee by the Senator from Rhode Island [Mr. GREEN], and this particular language is the result of discussion in the committee and the suggestions, as I remember, made by the able Senator from Colorado [Mr. JOHNSON].

In direct answer to the Senator's question, I will say that we did discuss this question in the committee with the Chairman of the Social Security Board and the experts of the Board; and they stated that the State provisions so far as personnel are concerned are not statutory provisions, and that the amendment will give the States ample notice. It will give them from the date of enactment of the pending measure to January 1, 1940, to work out their provisions and bring them to the Social Security Board and secure their approval; and the effective date was advanced to January 1, 1940, for that very purpose.

So I think the Senator may rest easy, because the question was raised in the committee; and the experts of the Board assured us that the State personnel provisions are not statutory in character, and therefore are subject to change without action by the respective legislatures of the States.

Mr. TAFT. With due respect, I do not see how civil service can be established in an old-age department unless the State passes a law providing that there shall be civil service in that department, if there is not already civil service.

Mr. LA FOLLETTE. I think that can be done, because the Senator will remember that the funds for the personnel were provided, and this can be done by regulation. I am certain it is entirely within the power of the respective administrative agencies.

I ask for the yeas and nays on the committee amendment.

Mr. KING. Mr. President, may I ask the Senator a question?

Mr. LA FOLLETTE. Certainly.

Mr. KING. The Senator may think the question is a joke, but it is not. In view of the inefficiency of the civil service of the Federal Government, does the Senator think the Federal Government, by giving its blessing to State governments and compelling them to have civil service, is going to improve their condition? I do not think the Federal Government's conduct of its civil-service administration is any particular guide to the States.

Mr. LA FOLLETTE. Mr. President, I do not think the question is a joke. I do not wish to be drawn into a long discussion of the whole question of the Federal civil service. I think there is much to be said for the fact that the civil service of the Federal Government has grown up more or less as a counter action against the patronage system, and that because of that environment and that conditioning it has become more largely an agency endeavoring to protect employees in the civil service in retaining their positions rather than acting as a personnel agency for the Federal Government. I discussed that question to some extent and at greater length in connection with the reorganization bill. I hope that some day we may have a modern, efficient personnel service for the Federal Government; but from my own experience in my own State, I say that it is possible to build up a sound personnel system for a State Government, and I say that it is the judgment of all who have had anything to do with the administration of this act that this particular amendment if enacted into law will greatly improve the conditions surrounding the administration of the old-age title.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I am anxious to yield the floor.

Mr. O'MAHONEY. I merely wanted to make it clear that I understand the Senator to believe that while this is a step in the right direction, it is little more than a step.

Mr. LA FOLLETTE. That is not correct. If the Senator will remember, in response to his first question I stated that the amendment was not so sweeping as the one originally tendered to the committee, that it was somewhat the result of a compromise, but that the Chairman of the Social Security Board and others who have studied this question firmly believe that under the terms of the amendment they can bring about a genuine merit basis for the selection of the personnel under this title of the act.

I think we are making a great advance, although it may not be all that any Senator might want. We are not writing the details of the standards into the law. In other words, we are trusting somewhat to the judgment of the Social Security Board and to their ability to work this matter out with the various State administrations.

Mr. O'MAHONEY. I wish to express it as my personal opinion that this represents a minimum below which we should not in any event go.

Mr. HARRISON. Mr. President, as I understand, the Senator from Wisconsin desires to have a roll call on the amendment in order to show how strongly the Senate favors it?

Mr. LA FOLLETTE. That is my reason for asking for a roll call.

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). The question is on agreeing to the amendment reported by the committee on page 2, line 9. On that amendment the Senator from Wisconsin asks for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. LUCAS. My colleague the junior Senator from Illinois [Mr. SLATTERY] is unavoidably detained. If present, he would vote "yea."

Mr. MINTON. I announce that the Senator from Arizona [Mr. ASHURST] and the Senator from New Jersey [Mr. SMATHERS] are detained from the Senate because of illness in their families.

The Senator from North Carolina [Mr. BAILEY], the Senator from Alabama [Mr. BANKHEAD], the Senator from Michigan [Mr. BROWN], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Virginia [Mr. GLASS], the Senator from Delaware [Mr. HUGHES], the Senator from Nevada [Mr. MCCARRAN], the Senator from Florida [Mr. PEPPER], and the Senator from Georgia [Mr. RUSSELL] are absent on important public business.

The Senator from Idaho [Mr. CLARK], the Senator from Minnesota [Mr. LUNDEEN], the Senator from Utah [Mr. KING], the Senator from Rhode Island [Mr. GREEN], the Senator from Connecticut [Mr. MALONEY], and the Senator from Indiana [Mr. VAN NUYS] are detained in various Government departments on matters pertaining to their respective States.

The Senator from Louisiana [Mr. ELLENDER] and the Senator from West Virginia [Mr. HOLT] are conducting hearings in the Committee on Education and Labor.

The Senator from New Hampshire [Mr. TOBEY] has a general pair with the Senator from Florida [Mr. PEPPER].

The result was announced—yeas 72, nays 2, as follows:

YEAS—72

Adams	Downey	Lee	Schwartz
Andrews	Frazier	Lodge	Schwellenbach
Austin	George	Logan	Sheppard
Barbour	Gerry	Lucas	Shipstead
Barkley	Gibson	McKellar	Smith
Bone	Gillette	McNary	Stewart
Borah	Guffey	Mead	Taft
Bulow	Gurney	Minton	Thomas, Okla.
Burke	Hale	Murray	Thomas, Utah
Byrd	Harrison	Neely	Townsend
Byrnes	Hatch	Norris	Truman
Capper	Hayden	Nye	Tydings
Chavez	Herring	O'Mahoney	Vandenberg
Clark, Mo.	Hill	Overton	Wagner
Connally	Holman	Pittman	Walsh
Danaher	Johnson, Calif.	Radcliffe	Wheeler
Davis	Johnson, Colo.	Reed	White
Donahey	La Follette	Reynolds	Wiley

NAYS—2

Bilbo	Miller
NOT VOTING—22	
Ashurst	Clark, Idaho
Bailey	Ellender
Bankhead	Glass
Bridges	Green
Brown	Holt
Caraway	Hughes
	King
	Lundeen
	McCarran
	Maloney
	Pepper
	Russell
	Slattery
	Smathers
	Tobey
	Van Nuys

So the committee amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment was, in the heading, on page 6, line 1, after the word "And", to strike out "Survivor" and insert "Survivors"; and in line 3, after the word "And", to strike out "Survivor" and insert "Survivors", so as to make the heading read:

TITLE II—FEDERAL OLD-AGE AND SURVIVORS INSURANCE BENEFITS
FEDERAL OLD-AGE AND SURVIVORS INSURANCE

The amendment was agreed to.

The next amendment was, on page 6, line 7, after the word "and", to strike out "Survivor" and insert "Survivors"; in line 25, after the word "and", to strike out "Survivor" and insert "Survivors", so as to read:

SEC. 201. (a) There is hereby created on the books of the Treasury of the United States a trust fund to be known as the "Federal Old-Age and Survivors Insurance Trust Fund" (hereinafter in this title called the "Trust Fund"). The Trust Fund shall consist of the securities held by the Secretary of the Treasury for the Old Age Reserve Account and the amount standing to the credit of the Old Age Reserve Account on the books of the Treasury on January 1, 1940, which securities and amount the Secretary of the Treasury is authorized and directed to transfer to the Trust Fund, and, in addition, such amounts as may be appropriated to the Trust Fund as hereinafter provided. There is hereby appropriated to the Trust Fund for the fiscal year ending June 30, 1941, and for each fiscal

year thereafter, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to 100 percent of the taxes (including interest, penalties, and additions to the taxes) received under the Federal Insurance Contributions Act and covered into the Treasury.

(b) There is hereby created a body to be known as the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund (hereinafter in this title called the "Board of Trustees") which Board of Trustees shall be composed of the Secretary of the Treasury, the Secretary of Labor, and the Chairman of the Social Security Board, all ex officio. The Secretary of the Treasury shall be the managing trustee of the Board of Trustees (hereinafter in this title called the "managing trustee"). It shall be the duty of the Board of Trustees to—

(1) Hold the Trust Fund;

(2) Report to the Congress on the first day of each regular session of the Congress on the operation and status of the Trust Fund during the preceding fiscal year and on its expected operation and status during the next ensuing 5 fiscal years;

(3) Report immediately to the Congress whenever the Board of Trustees is of the opinion that during the ensuing 5 fiscal years the Trust Fund will exceed three times the highest annual expenditures anticipated during that 5-fiscal-year period, and whenever the Board of Trustees is of the opinion that the amount of the Trust Fund is unduly small.

The amendment was agreed to.

The next amendment was, in the subhead on page 10, line 3, after the word "And", to strike out "Survivor" and insert "Survivors", so as to make the heading read:

Old-Age and Survivors Insurance Benefit Payments.

The amendment was agreed to.

The next amendment was, on page 17, line 15, after the word "section", to strike out "(b)"; on page 18, line 4, after the word "or", to insert "to the"; and in line 5, after the word "the", to strike out "deceased and to any other person or persons who are entitled under such law to share as distributees with the parents of the deceased, in such proportions as is provided by such law" and insert "deceased, in equal shares", so as to read:

Lump-Sum Death Payments

(g) Upon the death, after December 31, 1939, of an individual who died a fully or currently insured individual leaving no surviving widow, child, or parent who would, on filing application in the month in which such individual died, be entitled to a benefit for such month under subsection (c), (d), (e), or (f) of this section, an amount equal to six times a primary insurance benefit of such individual shall be paid in a lump sum to the following person (or if more than one, shall be distributed among them) whose relationship to the deceased is determined by the Board, and who is living on the date of such determination: To the widow or widower of the deceased; or, if no such widow or widower be then living, to any child or children of the deceased and to any other person or person who are, under the intestacy law of the State where the deceased was domiciled, entitled to share as distributees with such children of the deceased, in such proportions as is provided by such law; or, if no widow or widower and no such child and no such other person be then living, to the parent or to the parents of the deceased, in equal shares. A person who is entitled to share as distributee with an above-named relative of the deceased shall not be precluded from receiving a payment under this subsection by reason of the fact that no such named relative survived the deceased or of the fact that no such named relative of the deceased was living on the date of such determination. If none of the persons described in this subsection be living on the date of such determination, such amount shall be paid to any person or persons, equitably entitled thereto, to the extent and in the proportions that he or they shall have paid the expenses of burial of the deceased. No payment shall be made to any person under this subsection, unless application therefor shall have been filed, by or on behalf of any such person (whether or not legally competent), prior to the expiration of 2 years after the date of death of such individual.

The amendment was agreed to.

The next amendment was, under the subhead "Reduction and increase of insurance benefits", on page 19, line 9, after the word "the", to strike out "benefit or"; in line 11, after the word "wages", to insert "is more than \$20 and"; in line 15, after the word "such", to strike out "benefit or"; and in line 18, after the word "amount", to insert "or to \$20, whichever is greater", so as to read:

SEC. 203. (a) Whenever the total of benefits under section 202, payable for a month with respect to an individual's wages, is more than \$20 and exceeds (1) \$85, or (2) an amount equal to twice a primary insurance benefit of such individual, or (3) an amount equal to 80 percent of his average monthly wage (as defined in sec. 209 (f)), whichever of such three amounts is least, such total of benefits shall, prior to any deductions under subsections (d),

(e), or (h), be reduced to such least amount or to \$20, whichever is greater.

The amendment was agreed to.

The next amendment was, on page 19, line 20, after the numerals "202", to strike out "(or as reduced under subsection (a))", so as to read:

(b) Whenever the benefit or total of benefits under section 202, payable for a month with respect to an individual's wages, is less than \$10, such benefit or total of benefits shall, prior to any deductions under subsections (d), (e), or (h), be increased to \$10.

The amendment was agreed to.

The next amendment was, on page 20, line 3, after the word "benefit", to insert "except the primary benefit", so as to read:

(c) Whenever a decrease or increase of the total of benefits for a month is made under subsection (a) or (b) of this section, each benefit, except the primary benefit, shall be proportionately decreased or increased, as the case may be.

The amendment was agreed to.

The next amendment was, on page 20, line 6, after the word "Deductions", to insert "in such amounts and at such time or times as the Board shall determine"; in line 8, after the word "payment", to insert "or payments"; in line 15, after the word "age", to insert "not an apprentice serving without remuneration"; and in line 17, after the word "feasible", to insert "or, if serving as an apprentice without remuneration, failed to so serve regularly and the Board finds that such service was feasible", so as to read:

(d) Deductions, in such amounts and at such time or times as the Board shall determine, shall be made from any payment or payments under this title to which an individual is entitled, until the total of such deductions equals such individual's benefit or benefits for any month in which such individual:

- (1) Rendered services for wages of not less than \$15; or
- (2) If a child under 18 and over 16 years of age, not an apprentice serving without remuneration, failed to attend school regularly and the Board finds that attendance was feasible or, if serving as an apprentice without remuneration, failed to so serve regularly and the Board finds that such service was feasible; or
- (3) If a widow entitled to a widow's current insurance benefit, did not have in her care a child of her deceased husband entitled to receive a child's insurance benefit.

The amendment was agreed to.

The next amendment was, on page 21, line 11, after the word "individual", to strike out "those benefits are" and insert "in receipt of benefits", and in line 13, before the word "because", to insert "(or who is in receipt of such benefits on behalf of another individual)"; so as to read:

(g) Any individual in receipt of benefits subject to deduction under subsection (d) or (e) (or who is in receipt of such benefits on behalf of another individual), because of the occurrence of an event enumerated therein, shall report such occurrence to the Board prior to the receipt and acceptance of an insurance benefit for the second month following the month in which such event occurred. Any such individual having knowledge thereof, who fails to report any such occurrence, shall suffer an additional deduction equal to that imposed under subsection (d) or (e).

The amendment was agreed to.

The next amendment was, under the subhead "Evidence, Procedure, and Certification for Payment", in section 209, on page 35, line 12, after the word "year", to insert "prior to 1940"; so as to read:

DEFINITIONS

SEC. 209. When used in this title—

(a) The term "wages" means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include—

(1) That part of the remuneration which, after remuneration equal to \$3,000 has been paid to an individual by an employer with respect to employment during any calendar year prior to 1940, is paid to such individual by such employer with respect to employment during such calendar year;

The amendment was agreed to.

The next amendment was, on page 35, after line 14, to insert:

(2) That part of the remuneration which, after remuneration equal to \$3,000 has been paid to an individual with respect to employment during any calendar year after 1939, is paid to such individual with respect to employment during such calendar year;

The amendment was agreed to.

The next amendment was, on page 35, line 20, before the word "The", to strike out "(2)" and insert "(3)"; in line 25, after the word "insurance", to insert "or annuities"; and on page 36, line 4, after the word "disability", to insert a comma and

or (D) death, provided the employee (1) has not the option to receive, instead of provision for such death benefit, any part of such payment or, if such death benefit is insured, any part of the premiums (or contributions to premiums) paid by his employer, and (11) has not the right, under the provisions of the plan or system or policy of insurance providing for such death benefit, to assign such benefit, or to receive a cash consideration in lieu of such benefit either upon his withdrawal from the plan or system providing for such benefit or upon termination of such plan or system or policy of insurance or of his employment with such employer.

So as to read:

(3) The amount of any payment made to, or on behalf of, an employee under a plan or system established by an employer which makes provision for his employees generally or for a class or classes of his employees (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment), on account of (A) retirement, or (B) sickness or accident disability, or (C) medical and hospitalization expenses in connection with sickness or accident disability, or (D) death, provided the employee (1) has not the option to receive, instead of provision for such death benefit, any part of such payment or, if such death benefit is insured, any part of the premiums (or contributions to premiums) paid by his employer, and (11) has not the right, under the provisions of the plan or system or policy of insurance providing for such death benefit, to assign such benefit, or to receive a cash consideration in lieu of such benefit either upon his withdrawal from the plan or system providing for such benefit or upon termination of such plan or system or policy of insurance or of his employment with such employer.

The amendment was agreed to.

The next amendment was, on page 37, line 4, after the words "prior to", to strike out "such date" and insert "January 1, 1940", so as to read:

(b) The term "employment" means any service performed after December 31, 1936, and prior to January 1, 1940, which was employment as defined in section 210 (b) of the Social Security Act prior to January 1, 1940.

Mr. VANDENBERG. Mr. President, may I inquire whether that is the amendment which we discussed previously, which adds \$600,000,000 to the cost of the bill?

Mr. HARRISON. Yes. It is the amendment on page 37. That is the amendment to which reference was previously made.

Mr. VANDENBERG. Mr. President, I simply wish to call attention to what would happen under this amendment. I am not quarreling with its objective. The objective is highly laudable. The amendment would add \$600,000,000 in the next 15 years to the cost of the social-security bill, and add \$600,000,000 outside of the contemplated revenues from payroll taxes. It is the beginning of those steps which are gradually going to build an ever-increasing benefit payment outside the purview of the taxes to pay for them. I submit the general observation that the best friend of social-security legislation in the long run is the one who insists that the fund shall be kept solvent so that on the one hand there will be avoided the disaster and the humiliation of making promises which cannot be kept, and, on the other hand, that steps be not taken which will lead ultimately to such an increased burden of payroll taxes that the revolt against the whole system will destroy it.

Mr. President, we found it necessary to freeze where it is the 1-percent pay-roll tax under title II for the next 3 years. In 1943 it increases another full 1 percent. In 1943 the whole system will confront the most terrific kind of an impact from the country, because American business in many of its smaller units has had difficulty in paying even the 1-percent pay-roll tax and surviving.

In 1943, with the unemployment tax added, the total tax will be 5 percent upon the pay roll. In 1948 the total tax will be 9 percent.

Mr. President, a total pay-roll tax of 9 percent upon American industry is a terrific burden to be borne by American industry. It is a grave question whether American industry can carry a 9-percent pay-roll tax. It is particularly doubtful whether it can be done. While we are in-

creasing the cost of American production of commodities 9 percent upon the one hand, we are reducing the tariff protection upon the other. We are increasing the cost of production at home by means of the social-security legislation, and we are decreasing protection against goods from abroad. Entirely aside from that, however, the burden of the 9 percent itself is going to be a terrific challenge.

What I am saying is that you had better be careful not to create a situation which will necessitate going beyond the 9 percent, and every time you add a major item of expenditure, precisely as this measure adds \$600,000,000, which was never contemplated in the actuarial calculations upon which the tax is based, by the time you have accumulated these items in 1948, you will have created such a situation that even the 9-percent tax will not pay the bill. I submit that when we are voting to increase the benefits we had better give some consideration to the source of the money with which to pay the benefits, lest there be no money to pay the benefits upon the one hand, or, upon the other, that we are ultimately forced to such a heavy pay-roll tax that the revolution against the whole system will strike it down.

Let us vote on the amendment. I should like to vote on it.

Mr. BORAH. Mr. President, I should like to ask the Senator from Michigan how the question arises? Is a committee amendment under consideration?

Mr. VANDENBERG. Yes.

Mr. HARRISON. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARRISON. I thought we had passed the matter to which the very eloquent Senator from Michigan referred in his speech, some time ago. Is the Senate recurring to that amendment?

Mr. VANDENBERG. The amendment is now pending.

The PRESIDING OFFICER. The amendment is now pending.

Mr. HARRISON. The amendment which the Senator has just discussed?

Mr. VANDENBERG. Yes.

Mr. HARRISON. I understood the Senator raised no objection to the Senate agreeing to the amendment.

Mr. VANDENBERG. Quite to the contrary. I raised a very serious objection to it.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 37. [Putting the question.] The "noes" appear to have it.

Mr. LA FOLLETTE. I ask for a division.

Mr. HARRISON. I ask for the yeas and nays on this amendment.

Mr. LUCAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LUCAS. Will the Chair have the clerk state the amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 37, line 4, after the words "prior to", it is proposed to strike out "such date" and to insert "January 1, 1940."

Mr. VANDENBERG. That is the pending amendment.

Mr. KING. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. KING. I do not know whether to address the chairman of the committee or the Senator from Michigan. I should like to inquire whether this is the amendment that adds \$600,000,000 of cost to the taxpayers of the United States or to this fund.

Mr. VANDENBERG. It does not add it to the taxpayers of the Nation because there is no provision made to pay it.

Mr. KING. Or to the fund.

Mr. VANDENBERG. Some day it will be added to the cost of the fund.

Mr. KING. That is exactly what I desire to know; whether or not it compels an obligation which will have to be discharged from the fund, and if not from the fund, if that becomes bankrupt, from the Treasury of the United States? I assume that the answer must be in the affirmative.

I shall vote "nay" on the question.

Mr. HARRISON. Mr. President, the Social Security Advisory Council, composed of very able men and women from all over the country, suggested in its report that the time would come when the Federal Government would have to help out in the matter of supplementing this fund by making annual appropriations. We have not accepted that view yet. That would be some time in the future, whether in 1980 or some other year. That is a little too far off for me to figure at this time. We have taken care of this situation, though, without question for the next 15 years. The time may come when the Federal Government may have to reimburse or supplement this fund; but what we are doing, to which the Senator from Michigan has alluded, is on page 37. The next amendment provides:

If performed prior to January 1, 1939.

When the bill came from the House, after we approved the freezing of the taxes for 1940, 1941, and 1942, and certain other stipulations with reference to eligibility and coverage were placed in the law, we found that there were certain people who were beyond the age of 65 who would not measure up to the \$2,000 they had to earn under the present law, or the \$600 required in the House bill. This problem was discussed with the Chairman of the Social Security Board, and it was decided that the best method of giving these people an opportunity for covered employment was to make the inclusion of work over 65 effective January 1 of this year, instead of January 1 of next year, as was provided in the House bill.

Many of the people over 65 would be left out if we did not date the provision back to January 1, 1939. In carrying out the program of liberalization and trying to help the situation of those who have reached 65 years of age, the Finance Committee changed eligibility requirements from years in which \$200 or more of wages from covered employment were paid to quarter years in which \$50 or more were paid, and advanced the inclusion of wages after 65 from January 1, 1940, to January 1, 1939. In the course of time, over 15 years, the cost of these changes will be considerable; but the situation which confronts us is that the social-security law was passed in 1935, and wage credits begin the 1st of January 1937. Time is required for persons to become eligible for the benefits. The object of the amendment, as I recall, it was not disapproved by anyone in committee.

Mr. VANDENBERG. No, Mr. President.

Mr. HARRISON. Of course, the Senator expressed some objections to it in the discussion a few moments ago, but there was no roll call in the committee. I did not understand the Senator was going to carry the fight to the extent of having a roll call in the Senate. That is why I am trying to explain the amendment at this time.

Mr. VANDENBERG. I have not asked for a roll call.

Mr. HARRISON. The Senator from Utah [Mr. KING] was opposed to the amendment, and expressed himself against it; but the great majority of the committee was for it, and I hope the Senate will now adopt the committee amendment.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. BYRD. I will say to the Senator from Mississippi that the Senator from Michigan [Mr. VANDENBERG] was against it, and voted against it.

Mr. HARRISON. I do not think there was a roll call on this amendment.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 37, line 4. The yeas and nays have been demanded.

Mr. HARRISON. Mr. President, the other side called for a vote, and the Presiding Officer announced that the "noes" seemed to have it. I want to see if the other side will vote on a roll call as they would a while ago. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. SHIPSTEAD (when his name was called). I have a pair with the senior Senator from Virginia [Mr. GLASS]. I

am not informed as to how he would vote. I therefore withhold my vote.

The roll call was concluded.

Mr. HARRISON (after having voted in the affirmative). I have a general pair with the senior Senator from Oregon [Mr. McNARY]. I find he has not voted, so I transfer my pair to the senior Senator from Kentucky [Mr. BARKLEY], and allow my vote to stand.

Mr. McKELLAR (after having voted in the affirmative). I inquire if the Senator from Delaware [Mr. TOWNSEND] has voted?

The PRESIDING OFFICER. The Chair is informed he has not voted.

Mr. McKELLAR. I have a pair with the Senator from Delaware. I transfer that pair to the junior Senator from Louisiana [Mr. ELLENDER], and allow my vote to stand.

Mr. MINTON. I announce that the Senator from Arizona [Mr. ASHURST] and the Senator from New Jersey [Mr. SMATHERS] are detained from the Senate because of illness in their families.

The Senator from North Carolina [Mr. BAILEY], the Senator from Alabama [Mr. BANKHEAD], the Senator from Michigan [Mr. BROWN], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Virginia [Mr. GLASS], the Senator from Delaware [Mr. HUGHES], the Senator from Nevada [Mr. McCARRAN], the Senator from Florida [Mr. PEPPER], and the Senator from Georgia [Mr. RUSSELL] are absent on important public business.

The Senator from Kentucky [Mr. BARKLEY], the Senator from Louisiana [Mr. OVERTON], and the Senator from Nevada [Mr. PITTMAN] are detained in various Government departments on matters pertaining to their respective States.

The Senator from Louisiana [Mr. ELLENDER] and the Senator from West Virginia [Mr. HOLT] are conducting hearings in the Committee on Education and Labor.

Mr. AUSTIN. The Senator from New Hampshire [Mr. TOBEY] has a general pair with the Senator from Florida [Mr. PEPPER].

The result was announced—yeas 58, nays 16, as follows:

YEAS—58

Adams	Donahey	Lee	Reynolds
Andrews	Downey	Logan	Schwartz
Austin	Frazier	Lucas	Schwellenbach
Barbour	George	Lundeen	Sheppard
Bilbo	Gibson	McKellar	Slattery
Bone	Green	Maloney	Stewart
Borah	Guffey	Mead	Thomas, Okla.
Bulow	Harrison	Miller	Thomas, Utah
Eyres	Hatch	Minton	Truman
Capper	Hayden	Murray	Van Nuys
Chavez	Herring	Neely	Wagner
Clark, Idaho	Hill	Norris	Walsh
Clark, Mo.	Johnson, Calif.	Nye	Wheeler
Connally	Johnson, Colo.	O'Mahoney	
Davis	La Follette	Radcliffe	

NAYS—16

Burke	Gillette	King	Tydings
Byrd	Gurney	Lodge	Vandenberg
Danaher	Hale	Smith	White
Gerry	Holman	Taft	Wiley

NOT VOTING—22

Ashurst	Caraway	McNary	Shipstead
Bailey	Ellender	Overtton	Smathers
Bankhead	Glass	Pepper	Tobey
Barkley	Holt	Pittman	Townsend
Bridges	Hughes	Reed	
Brown	McCarran	Russell	

So the committee amendment was agreed to.

The PRESIDING OFFICER. The Clerk will state the next amendment reported by the committee.

The next amendment was, on page 37, line 6, after the word "sixty-five", to insert "if performed prior to January 1, 1939", so as to read:

(b) The term "employment" means any service performed after December 31, 1936, and prior to January 1, 1940, which was employment as defined in section 210 (b) of the Social Security Act prior to January 1, 1940 (except service performed by an individual after he attained the age of 65 if performed prior to January 1, 1939), and any service, of whatever nature, performed after December 31, 1939, by an employee for the person employing him, irrespective of the citizenship or residence of either, (A) within the United States, or (B) on or in connection with an American vessel under a contract of service which is entered into within the United States or

during the performance of which the vessel touches at a port in the United States, if the employee is employed on and in connection with such vessel when outside the United States, except—

The amendment was agreed to.

The next amendment was, on page 40, line 2, after the word "organization", to insert "exempt from income tax under section 101 (1) of the Internal Revenue Code", so as to read:

(B) Service performed in the employ of an agricultural or horticultural organization exempt from income tax under section 101 (1) of the Internal Revenue Code.

The amendment was agreed to.

The next amendment was, on page 40, line 17, after the word "or", to insert "their"; and in line 20, before the word "employees", to insert "officers or", so as to read:

(D) Service performed in the employ of a voluntary employees' beneficiary association providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents or their designated beneficiaries, if (1) admission to membership in such association is limited to individuals who are officers or employees of the United States Government, and (2) no part of the net earnings of such association inures (other than through such payments) to the benefit of any private shareholder or individual.

The amendment was agreed to.

The next amendment was, on page 42, line 6, after the word "State", to strike out "law." and insert "law,"; so as to read:

(13) Service performed as a student nurse in the employ of a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school chartered or approved pursuant to State law; and service performed as an interne in the employ of a hospital by an individual who has completed a 4 years' course in a medical school chartered or approved pursuant to State law.

The amendment was agreed to.

The next amendment was, on page 42, after line 6, to insert:

(14) Service performed by an individual in the catching, taking, harvesting, cultivating, or farming of any kind of fish, shellfish, crustacea, sponges, seaweeds, or other aquatic forms of animal and vegetable life, or as officer or member of the crew of any sail vessel, or a vessel other than a sail vessel of less than 400 tons (determined in the manner provided for determining the register tonnage under the laws of the United States), while such vessel is engaged in any such activity (including preparation for, and unloading after, any such activity); or

Mr. SCHWELLENBACH. Mr. President, I should like to have an explanation of this amendment.

Mr. HARRISON. Mr. President, the House bill covered maritime employees in the old-age-insurance tax. We except fishermen from its operation. The object of this amendment is to take care of that exception, so that such employees will not be covered by that tax.

Mr. SCHWELLENBACH. I should like to know what reason the committee has for excepting the employees of such companies?

Mr. HARRISON. I will tell the Senator what prompted me. I presume the conditions in the locality which I have in mind are quite like those in many other localities throughout the country where men dredge for oysters or gather shrimp. The owner of a small vessel goes out with two or three persons who may be his own sons or men he employs by the day. At one place in my State there are thousands of such small fishing vessels which would have to make tax reports to the Bureau of Internal Revenue. I think it would cause a great deal of confusion; I do not believe the benefits which would be obtained would be worth the disadvantages to those engaged in such business, and I do not believe it would be workable. So we excluded fishermen and officers and members of the crew on a sail vessel or a vessel other than a sail vessel under 400 tons.

Mr. SCHWELLENBACH. The limitation is in the alternative; that is, an "or" and not an "and"?

Mr. HARRISON. Yes.

Mr. SCHWELLENBACH. I can appreciate the situation which the Senator explains. However, that condition does not prevail in the fishing industry in many sections of the country and in many parts of the industry. In other words, it is one thing when the efforts are sporadic, and, say, three

or four or five men go out in very small boats; but in a situation such as prevails in the Pacific Northwest, where thousands of people are taken by companies to Alaska, for example, over a period of several months, a very different situation is presented. I wonder if the Senator will agree that this might go over until tomorrow? It may be that I may be able to work out an exception.

Mr. HARRISON. Yes. I may say that if the people to whom the Senator is referring want to be covered by this insurance system, and he can properly frame the provision so that it does not include all the others operating small boats, I should be perfectly willing, so far as I am concerned, to accept it.

Mr. SCHWELLENBACH. May the amendment go over until tomorrow?

Mr. HARRISON. I ask that the amendment be passed over for the present.

The PRESIDING OFFICER. The amendment will be passed over.

The clerk will state the next amendment reported by the committee.

The next amendment was, on page 42, after line 17, to insert:

(15) Service performed by an individual under the age of 18 in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution.

The amendment was agreed to.

The next amendment was, on page 43, line 11, after the word "performed", to strike out "for an employer", and in the same line, after the word "period", to insert "by an employee for the person employing him", so as to read:

(c) If the services performed during one-half or more of any pay period by an employee for the person employing him constitute employment, all the services of such employee for such period shall be deemed to be employment; but if the services performed during more than one-half of any such pay period by an employee for the person employing him do not constitute employment, then none of the services of such employee for such period shall be deemed to be employment. As used in this subsection the term "pay period" means a period (of not more than 31 consecutive days) for which a payment of remuneration is ordinarily made to the employee by the person employing him. This subsection shall not be applicable with respect to services performed in a pay period by an employee for the person employing him, where any of such service is excepted by paragraph (9) of subsection (b).

The amendment was agreed to.

The next amendment was, on page 44, line 4, after the word "exceeds", to strike out "\$50, and" and insert "\$50 and does not exceed \$250, and", so as to read:

(e) The term "primary insurance benefit" means an amount equal to the sum of the following—

(1) (A) 40 percent of the amount of an individual's average monthly wage if such average monthly wage does not exceed \$50, or (B) if such average monthly wage exceeds \$50, 40 percent of \$50, plus 10 percent of the amount by which such average monthly wage exceeds \$50 and does not exceed \$250, and.

The amendment was agreed to.

The next amendment was, on page 44, line 9, after the word "individual" and the period, to insert "Where the primary insurance benefit thus computed is less than \$10, such benefit shall be \$10.", so as to read:

(2) An amount equal to 1 percent of the amount computed under paragraph (1) multiplied by the number of years in which \$200 or more of wages were paid to such individual. Where the primary insurance benefit thus computed is less than \$10, such benefit shall be \$10.

The amendment was agreed to.

The next amendment was, on page 44, line 14, after the word "the", to strike out "year" and insert "quarter"; in line 16, after the word "by", to strike out "twelve" and insert "three"; in the same line, after the word "or", to strike out "years" and insert "quarters"; in line 17, after the word "such", to strike out "year" and insert "quarter"; in line 18, after the word "any", to strike out "year" and insert "quarter"; in line 19, after the word "the" where it occurs the first time, to strike out "year" and insert "quarter"; in line 20, after the word "than", to strike out "\$200" and insert

"\$50"; and in line 21, after the word "wages", to strike out the semicolon and "but in no case shall such total wages be divided by a number less than 36" and insert "and any quarter, after the quarter in which he attained age 65, occurring prior to 1939", so as to read:

(f) The term "average monthly wage" means the quotient obtained by dividing the total wages paid an individual before the quarter in which he died or became entitled to receive primary insurance benefits, whichever first occurred, by three times the number of quarters elapsing after 1936 and before such quarter in which he died or became so entitled, excluding any quarter prior to the quarter in which he attained the age of 22 during which he was paid less than \$50 of wages and any quarter, after the quarter in which he attained age 65, occurring prior to 1939.

The amendment was agreed to.

The next amendment was, at the top of page 45, to strike out:

(1) (A) he attained age 65 prior to 1940, and
(B) he has not less than 2 years of coverage, and
(C) the total amount of wages paid to him was not less than \$600; or

(2) (A) within the period of 1940-1945, inclusive, he attained the age of 65 or died before attaining such age, and
(B) he had not less than 1 year of coverage for each 2 of the years specified in clause (C), plus an additional year of coverage, and

(C) the total amount of wages paid to him was not less than an amount equal to \$200 multiplied by the number of years elapsing after 1936 and up to and including the year in which he attained the age of 65 or died, whichever first occurred; or

(3) (A) the total amount of wages paid to him was not less than \$2,000, and
(B) he had not less than 1 year of coverage for each 2 of the years elapsing after 1936, or after the year in which he attained the age of 21, whichever year is later, and up to and including the year in which he attained the age of 65 or died, whichever first occurred, plus an additional year of coverage and in no case had less than 5 years of coverage; or

(4) he had at least 15 years of coverage.
As used in this subsection, the term "year" means calendar year, and the term "year of coverage" means a calendar year in which the individual has been paid not less than \$200 in wages. When the number of years specified in clause (2) (C) or clause (3) (B) is an odd number, for purposes of clause (2) (B) or (3) (B), respectively, such number shall be reduced by one.

And insert:
(1) He had not less than one quarter of coverage for each two of the quarters elapsing after 1936, or after the quarter in which he attained the age of 21, whichever quarter is later, and up to but excluding the quarter in which he attained the age of 65, or died, whichever first occurred, and in no case less than six quarters of coverage; or
(2) He had at least 40 quarters of coverage.

As used in this subsection, and in subsection (h) of this section, the term "quarter" and the term "calendar quarter" mean a period of 3 calendar months ending on March 31, June 30, September 30, or December 31; and the term "quarter of coverage" means a calendar quarter in which the individual has been paid not less than \$50 in wages. When the number of quarters specified in paragraph (1) of this subsection is an odd number, for purposes of such paragraph such number shall be reduced by one.

The amendment was agreed to.
The next amendment was, on page 47, line 9, after the word "who", to insert "either (1) is the mother of such individual's son or daughter, or (2)", so as to read:
(1) The term "wife" means the wife of an individual who either (1) is the mother of such individual's son or daughter, or (2) was married to him prior to January 1, 1939, or if later, prior to the date upon which he attained the age of 60.

The amendment was agreed to.
The next amendment was, on page 47, line 15, after the word "who", to insert "either (1) is the mother of such individual's son or daughter, or (2)", so as to read:

(j) The term "widow" (except when used in section 202 (g)) means the surviving wife of an individual who either (1) is the mother of such individual's son or daughter, or (2) was married to him prior to the beginning of the twelfth month before the month in which he died.

The amendment was agreed to.
The next amendment was, on page 48, line 5, after the word "in" where it occurs the second time, to strike out "connection with"; in line 6, after the word "in", to strike out "connection with"; in line 8, after the word "raising", to insert "shearing"; in the same line, after the word "feeding", to

insert "caring for, training"; and in line 10, after the word "animals", to insert "and other wildlife", so as to read:

(1) The term "agricultural labor" includes all service performed—
(1) On a farm, in the employ of any person in cultivating the soil, or in raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and other wildlife.

The amendment was agreed to.

The next amendment was, on page 48, line 11, after the word "tenant", to insert "or other operator"; in line 13, after the word "management", to insert "conservation, improvement"; and in line 14, after the word "farm", to insert "and its tools and equipment", so as to read:

(2) In the employ of the owner or tenant or other operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment, if the major part of such service is performed on a farm.

The amendment was agreed to.

The next amendment was, on page 48, line 21, after the word "cotton", to insert a comma and "or in connection with the operation or maintenance of ditches, canals, reservoirs, or waterways used exclusively for supplying and storing water for farming purposes"; so as to read:

(3) In connection with the production or harvesting of maple sirup or maple sugar or any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended, or in connection with the raising or harvesting of mushrooms, or in connection with the hatching of poultry, or in connection with the ginning of cotton, or in connection with the operation or maintenance of ditches, canals, reservoirs, or waterways used exclusively for supplying and storing water for farming purposes.

The amendment was agreed to.

The next amendment was, on page 49, line 1, after the word "handling", to insert "planting"; so as to read:

(4) In handling, planting, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to market or to a carrier for transportation to market, any agricultural or horticultural commodity; but only if such service is performed as an incident to ordinary farming operations or, in the case of fruits and vegetables, as an incident to the preparation of such fruits or vegetables for market. The provisions of this paragraph shall not be deemed to be applicable with respect to service performed in connection with commercial canning or commercial freezing or in connection with any agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption.

The amendment was agreed to.

The next amendment was, under the heading "Title III—Amendments to Title III of the Social Security Act"; on page 51, line 18, after the word "administration" and the parenthesis, to strike out "other than those relating to selection, tenure of office, and compensation of personnel" and insert "including, after July 1, 1941, methods relating to the establishment and maintenance of personnel standards on a merit basis"; so as to read:

Sec. 302. Section 303 (a) of such act is amended to read as follows:

"(a) The Board shall make no certification for payment to any State unless it finds that the law of such State, approved by the Board under the Federal Unemployment Tax Act, includes provision for—

"(1) Such methods of administration (including, after July 1, 1941, methods relating to the establishment and maintenance of personnel standards on a merit basis) as are found by the Board to be reasonably calculated to insure full payment of unemployment compensation when due; and

The amendment was agreed to.

The next amendment was, under the heading "Title IV—Amendments to Title IV of the Social Security Act", on page 53, line 25, after the word "administration" and the parenthesis, to strike out "other than those relating to selection, tenure of office, and compensation of personnel" and insert "including, after January 1, 1940, methods relating to the establishment and maintenance of personnel standards on a merit basis"; so as to read:

Sec. 401. (a) Clause (5) of section 402 (a) of such act is amended to read as follows: "(5) provide such methods of administration (including, after January 1, 1940, methods relating to the establishment and maintenance of personnel standards on

a merit basis) as are found by the Board to be necessary for the proper and efficient operation of the plan."

The amendment was agreed to.

The next amendment was, on page 54, after line 15, to strike out:

Sec. 402. (a) Effective January 1, 1940, subsection (a) of section 403 of such act is amended by striking out "one-third" and inserting in lieu thereof "one-half", and paragraph (1) of subsection (b) of such section is amended by striking out "two-thirds" and inserting in lieu thereof "one-half."

(b) Effective January 1, 1940, paragraph (2) of section 403 (b) of such act is amended to read as follows:

The amendment was agreed to.

The next amendment was, on page 54, after line 22, to strike out:

Sec. 402. Effective January 1, 1940—

(a) Subsection (a) of section 403 of such act is amended to read as follows:

"(a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to dependent children, for each quarter, beginning with the quarter commencing January 1, 1940, an amount, which shall be used exclusively for carrying out the State plan, equal to one-half of the total of the sums expended during such quarter under such plan, not counting so much of such sums expended as aid to dependent children for any month as exceeds \$18 multiplied by the total number of dependent children receiving aid to dependent children for such month."

(b) Paragraph (1) of subsection (b) of such section is amended by striking out "two-thirds" and inserting in lieu thereof "one-half."

(c) Paragraph (2) of subsection (b) of such section is amended to read as follows:

The amendment was agreed to.

The next amendment was, on page 56, line 12, before the word "who", to insert "or serving as an apprentice without remuneration", so as to make the section read:

Sec. 403. Section 406 (a) of such act is amended to read as follows:

"(a) The term 'dependent child' means a needy child under the age of 16, or under the age of 18 if found by the State agency to be regularly attending school or serving as an apprentice without remuneration, who has been deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent, and who is living with his father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, or aunt, in a place of residence maintained by one or more of such relatives as his or their own home."

The amendment was agreed to.

The PRESIDING OFFICER. Without objection, the amendments to title V will be considered en bloc. The amendment will be stated.

The amendments to title V were, on page 56, line 20, after the word "to", to strike out "title V" and insert "titles V and VI"; on page 56, after line 21, to insert.

Sec. 501. Section 501 of such act is amended by striking out "\$3,800,000" and inserting in lieu thereof "\$5,820,000."

At the top of page 57, to insert:

Sec. 502. (a) Subsection (a) of section 502 of such act is amended by striking out "\$1,800,000" and inserting in lieu thereof "\$2,800,000."

(b) Subsection (b) of such section 502 is amended by striking out "\$980,000" and inserting in lieu thereof "\$1,980,000."

On page 57, line 7, to change the section number from 501 to 503, and in line 9, after the word "administration" and the parenthesis, to strike out "other than those relating to selection, tenure of office, and compensation of personnel" and insert "including, after January 1, 1940, methods relating to the establishment and maintenance of personnel standards on a merit basis."

On page 57, after line 14, to insert the following section:

Sec. 504. Section 511 of such act is amended by striking out "\$2,850,000" and inserting in lieu thereof "\$3,870,000."

On page 57, after line 17, to insert the following section:

Sec. 505. (a) Subsection (a) of section 512 of such act is amended by striking out the words "the remainder" and inserting in lieu thereof "\$1,830,000."

(b) Such section is further amended by inserting after subsection (a) the following new subsection:

"(b) Out of the sums appropriated pursuant to section 511 for each fiscal year the Secretary of Labor shall allot to the States

\$1,000,000 (in addition to the allotments made under subsection (a)), according to the financial need of each State for assistance in carrying out its State plan, as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in section 511 and the cost of furnishing such services to them."

(c) Subsection (b) of such section 512 is amended by striking out the letter "(b)" at the beginning thereof and inserting in lieu thereof the letter "(c)."

On page 58, line 10, to change the section number from 502 to 506, and in line 12, after the word "administration" and the parenthesis, to strike out "other than those relating to selection, tenure of office, and compensation of personnel" and insert "including, after January 1, 1940, methods relating to the establishment and maintenance of personnel standards on a merit basis."

On page 58, after line 17, to insert the following section:

SEC. 507. (a) Subsection (a) of section 514 of such act is amended by striking out "section 512" and inserting in lieu thereof "section 512 (a)."

(b) Such section 514 is further amended by inserting at the end thereof the following new subsection:

"(c) The Secretary of Labor shall from time to time certify to the Secretary of the Treasury the amounts to be paid to the States from the allotment available under section 512 (b), and the Secretary of the Treasury shall, through the Division of Disbursement of the Treasury Department, and prior to audit or settlement by the General Accounting Office, make payments of such amounts from such allotments at the time or times specified by the Secretary of Labor."

On page 59, after line 6, to strike out:

SEC. 503. Section 531 (a) of such act is amended by striking out "\$1,938,000" and inserting in lieu thereof "\$2,938,000."

On page 59, after line 8, to insert:

SEC. 508. (a) Section 531 (a) of such act is amended by—
(1) Striking out "\$1,938,000" and inserting in lieu thereof "\$4,000,000."

(2) Striking out "\$5,000" and inserting in lieu thereof "\$15,000."

(3) Inserting after the word "Hawaii" the following: "and Puerto Rico, respectively."

(4) Inserting before the period at the end thereof a colon and the following: "Provided, That the amount of such sums apportioned to any State for any fiscal year shall be not less than \$30,000."

(b) Section 531 (b) of such act is amended by striking out "\$102,000" and inserting in lieu thereof "\$150,000."

On page 59, after line 22, to insert:

SEC. 509. Section 601 of such act is hereby amended to read as follows:

"SEC. 601. For the purpose of assisting States, counties, health districts, and other political subdivisions of the States in establishing and maintaining adequate public-health services, including the training of personnel for State and local health work, there is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1940, the sum of \$12,000,000 to be used as hereinafter provided."

So as to make the title read:

TITLE V—AMENDMENTS TO TITLES V AND VI OF THE SOCIAL SECURITY ACT

SEC. 501. Section 501 of such act is amended by striking out "\$3,800,000" and inserting in lieu thereof "\$5,820,000."

SEC. 502. (a) Subsection (a) of section 502 of such act is amended by striking out "\$1,800,000" and inserting in lieu thereof "\$2,800,000."

(b) Subsection (b) of such section 502 is amended by striking out "\$980,000" and inserting in lieu thereof "\$1,980,000."

SEC. 503. Clause (3) of section 503 (a) of such act is amended to read as follows: "(3) provide such methods of administration (including, after January 1, 1940, methods relating to the establishment and maintenance of personnel standards on a merit basis) as are necessary for the proper and efficient operation of the plan."

SEC. 504. Section 511 of such act is amended by striking out "\$2,850,000" and inserting in lieu thereof "\$3,870,000."

SEC. 505. (a) Subsection (a) of section 512 of such act is amended by striking out the words "the remainder" and inserting in lieu thereof "\$1,830,000."

(b) Such section is further amended by inserting after subsection (a) the following new subsection:

"(b) Out of the sums appropriated pursuant to section 511 for each fiscal year the Secretary of Labor shall allot to the States \$1,000,000 (in addition to the allotments made under subsection (a)), according to the financial need of each State for assistance in carrying out its State plan, as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in section 511 and the cost of furnishing such services to them."

(c) Subsection (b) of such section 512 is amended by striking out the letter "(b)" at the beginning thereof and inserting in lieu thereof the letter "(c)."

SEC. 506. Clause (3) of section 513 (a) of such act is amended to read as follows: "(3) provide such methods of administration including, after January 1, 1940, methods relating to the establishment and maintenance of personnel standards on a merit basis) as are necessary for the proper and efficient operation of the plan."

SEC. 507. (a) Subsection (a) of section 514 of such act is amended by striking out "section 512" and inserting in lieu thereof "section 512 (a)."

(b) Such section 514 is further amended by inserting at the end thereof the following new subsection:

"(c) The Secretary of Labor shall from time to time certify to the Secretary of the Treasury the amounts to be paid to the States from the allotment available under section 512 (b), and the Secretary of the Treasury shall, through the Division of Disbursement of the Treasury Department, and prior to audit or settlement by the General Accounting Office, make payments of such amounts from such allotments at the time or times specified by the Secretary of Labor."

SEC. 508. (a) Section 531 (a) of such act is amended by—

(1) Striking out "\$1,938,000" and inserting in lieu thereof "\$4,000,000."

(2) Striking out "\$5,000" and inserting in lieu thereof "\$15,000."

(3) Inserting after the word "Hawaii" the following: "and Puerto Rico, respectively."

(4) Inserting before the period at the end thereof a colon and the following: "Provided, That the amount of such sums apportioned to any State for any fiscal year shall be not less than \$30,000."

(b) Section 531 (b) of such act is amended by striking out "\$102,000" and inserting in lieu thereof "\$150,000."

SEC. 509. Section 601 of such act is hereby amended to read as follows:

"SEC. 601. For the purpose of assisting States, counties, health districts, and other political subdivisions of the States in establishing and maintaining adequate public-health services, including the training of personnel for State and local health work, there is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1940, the sum of \$12,000,000 to be used as hereinafter provided."

Mr. LA FOLLETTE. Mr. President, the amendments at the bottom of page 56 and following have to do with increased authorizations for appropriations for maternal and child health, vocational rehabilitation, and public health, as authorized in the original Social Security Act. The committee heard testimony from Miss Lenroot, Chief of the Children's Bureau, and Dr. Eliot, Assistant Chief of the Children's Bureau; Dr. Thomas Parran, Surgeon General, and those interested in vocational rehabilitation. The increases in the authorization are as follows:

First. Two million and twenty thousand dollars is added for grants to States for maternal and child-health services in amendments to title V, part 1, section 502.

One million and twenty thousand dollars of this sum is added to subsection 502 (a) to be matched in the ratio of one-half Federal and one-half State funds, \$20,000 being added to cover the flat annual grant to Puerto Rico which has been designated as a State in an amendment to title XI, and \$1,000,000 is added to subsection 502 (b) so that a total of \$1,980,000 instead of \$980,000 will be available for allotment by the Secretary of Labor, without matching, according to the financial need of each State for assistance in carrying out its State plan after taking into consideration the number of live births in such States.

The total amount authorized for grants to States annually for maternal and child-health services will then be \$5,820,000 as compared with \$3,800,000 in the present act.

Second. One million and twenty thousand dollars is added for grants to States for services for crippled children in amendment to title V, part 2, section 512.

Of this sum, \$1,000,000 is added in a new subsection 512 (b) to provide a fund for allotment to the States (without a requirement for matching) on the basis of the financial need of each State for assistance in carrying out its State plan. Grants to the States under the act at present must be matched in full by the States.

Of this sum \$20,000 is added to provide a flat annual allotment to Puerto Rico since an amendment to title XI designated Puerto Rico as a State.

The total amount authorized for grants to the States annually for services for crippled children will then be \$3,870,000 as compared with \$2,850,000 in the present act.

Third. Four million dollars increase is authorized for vocational rehabilitation.

Fourth. Four million dollars increase is authorized for public health.

I do not desire to take up the time of the Senate in going into the details of the testimony which was adduced before the committee in support of these amendments. I will say, however, that the testimony impressed the members of the committee who heard the statements with the urgent need for the modest increases in the authorizations to take care of child health, maternal care, and crippled children. The statements so impressed the committee that, as I remember, there were very few votes in the committee against the amendments.

This service, Mr. President, is greatly needed, as has been demonstrated by the testimony of both Miss Lenroot and Dr. Eliot. These funds are being used in an effort to reduce the very high maternal and child death rate in the United States.

The States, in setting up their plans under this title of the Social Security Act, have thus far more largely formulated them so as to take care of the more urban areas. These funds, if they shall be provided by an appropriation in case this authorization increase is allowed, will largely go to help bring the same kind of efficient service which is now being rendered in some of the urban areas of this country to the rural population of the United States, where there is more need for it, or at least as much need for it, as there is in the highly congested centers of the United States. In the highly congested centers there are available hospital facilities and other facilities which are not available in many of the rural areas of the United States.

The testimony of Dr. Parran was conclusive on the point of urgent need for increased funds for public health. Tuberculosis, pneumonia, and cancer are diseases which increased funds will enable the Public Health Service to augment their work to lessen their toll.

Good work is being done in vocational rehabilitation; thus increased funds will make it possible to enlarge this activity.

The only justification for my taking a moment of the Senate's time on these amendments is that I want the RECORD to show that the Senate of the United States paused long enough to understand what was involved in the amendments; and then I want a test of the Senate upon them, in order that we may show that they were not casually passed over by this body.

On the amendments I ask for the yeas and nays.

The PRESIDING OFFICER. The question is on agreeing en bloc to the amendments to title V, beginning in line 20, page 56, and ending in line 8, page 60. On that question the yeas and nays have been demanded. Is the demand seconded?

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. AUSTIN. The Senator from New Hampshire [Mr. TOBEY] has a general pair with the Senator from Florida [Mr. PEPPER].

Mr. McKELLAR (after having voted in the affirmative). I have a pair with the Senator from Delaware [Mr. Townsend]. I transfer that pair to the Senator from Louisiana [Mr. ELLENDER], and will allow my vote to stand.

Mr. SHIPSTEAD. I have a pair with the senior Senator from Virginia [Mr. GLASS]. I am not informed how he would vote on this question. I therefore withhold my vote. If at liberty to vote I should vote "yea."

Mr. HARRISON (after having voted in the affirmative). I have a pair with the senior Senator from Oregon [Mr. McNARY]; but I understand that if he were present he would vote as I have already voted, so I will let my vote stand.

Mr. MINTON. I announce that the Senator from Arizona [Mr. ASHURST] and the Senator from New Jersey [Mr. SMATHERS] are detained from the Senate because of illness in their families.

The Senator from North Carolina [Mr. BAILEY], the Senator from Alabama [Mr. BANKHEAD], the Senator from Michigan [Mr. BROWN], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Virginia [Mr. GLASS], the

Senator from Delaware [Mr. HUGHES], the Senator from Nevada [Mr. McCARRAN], the Senator from Florida [Mr. PEPPER], and the Senator from Georgia [Mr. RUSSELL] are absent on important public business.

The Senator from Kentucky [Mr. BARKLEY], the Senator from Nebraska [Mr. BURKE], the Senator from Virginia [Mr. BYRD], the Senator from Idaho [Mr. CLARK], the Senator from Pennsylvania [Mr. GUFFEY], the Senator from Arkansas [Mr. MILLER], the Senator from Louisiana [Mr. OVERTON], and the Senator from Nevada [Mr. PITTMAN] are detained in various Government departments on matters pertaining to their respective States.

The Senator from Texas [Mr. CONNALLY] and the Senator from Kentucky [Mr. LOGAN] are detained in important committee meetings.

The Senator from Rhode Island [Mr. GERRY] and the Senator from South Carolina [Mr. SMITH] are necessarily detained.

The Senator from Louisiana [Mr. ELLENDER] and the Senator from West Virginia [Mr. HOLT] are conducting hearings in the Committee on Education and Labor.

The result was announced—yeas 59, nays 4, as follows:

YEAS—59

Adams	Downey	Lee	Sheppard
Andrews	Frazier	Lucas	Slattery
Austin	George	Lundeen	Stewart
Barbour	Gibson	McKellar	Taft
Bilbo	Gillette	Maloney	Thomas, Okla.
Bone	Green	Mead	Thomas, Utah
Borah	Gurney	Minton	Truman
Bulow	Harrison	Murray	Tydings
Byrnes	Hatch	Neely	Van Nuys
Capper	Hayden	Nye	Wagner
Chavez	Herring	O'Mahoney	Walsh
Clark, Mo.	Hill	Radcliffe	Wheeler
Danaher	Holman	Reynolds	White
Davis	Johnson, Colo.	Schwartz	Wiley
Donahey	La Follette	Schwellenbach	

NAYS—4

Hale	King	Lodge	Vandenberg
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NOT VOTING—33

Ashurst	Clark, Idaho	Logan	Russell
Bailey	Connally	McCarran	Shipstead
Bankhead	Ellender	McNary	Smathers
Barkley	Gerry	Miller	Smith
Bridges	Glass	Norris	Tobey
Brown	Guffey	Overtton	Townsend
Burke	Holt	Pepper	
Byrd	Hughes	Pittman	
Caraway	Johnson, Calif.	Reed	

So the amendments of the committee to title V were agreed to en bloc.

Mr. REYNOLDS. Mr. President, we are now engaged in a study of the question of social security. Earlier in the day I heard the distinguished senior Senator from Pennsylvania [Mr. DAVIS] make use of the word "unemployment," and I know of no better time to bring to the attention of this distinguished body the fact that, in my opinion, the finest security, social or otherwise, we could possibly provide the American people would be to afford American jobs for American citizens, particularly in view of the condition that today between eleven and twelve million God-fearing American men and women are walking the streets in search of honest employment.

In addition to that, statistics show that there are approximately 26,000,000 people working only part time, by which I refer to those who are engaged only a few hours out of each day, a few days out of each week, or 1 or 2 weeks out of each month.

Then there are 3,000,000 people upon the W. P. A. rolls of this country, and we shall probably give further consideration to their situation during the present week.

There are also 300,000 fine young men in the C. C. C. camps; and a hundred thousand more who are seeking admission.

There are 4,000,000 people working for the Federal Government, the 48 State governments, the more than 3,200 counties, the more than 10,000 incorporated municipalities, in the form of hamlets, cities, and towns.

During the past month more than 700,000 boys and girls were graduated from the high schools and universities of the country, and we all know that under present conditions

only one out of every three of those fine boys and girls will be able to secure a position.

For these reasons I am very happy at this hour to have the opportunity of bringing to the attention of the Members of the Senate a clipping from one of the New York papers, which was mailed to me a few days ago, which will give a general idea, at least, of the deplorable conditions existing at this time. I wish to read the clipping to the Senate. This is from the columns of the New York Sun of Wednesday, July 5, 1939, in the great metropolitan city of New York. The caption reads:

Fifty-eight jobs in all sought by 7,000—Some wait all night for doors to open—Misapprehensions are many—Civil Service Board besieged for chauffeurs' places.

I may state that the article is accompanied by a reprint of a photograph, evidently made by the news photographer, showing young and old assembled in the armory, more than 7,000, in an endeavor to secure 1 of 58 jobs. The article reads:

A queue that included more than 1,000 persons, some of whom had been in place since 7 o'clock last night, was on hand today when the municipal civil-service commission opened its doors at 90 Duane Street today to give out applications for jobs as automobile enginemen.

Such was the rush for jobs, of which about 58 paying from \$1,200 to \$1,500 a year are now open, that it was estimated that 7,000 applications had been given out during the day, 4,000 of them in the first hour and a half.

Extra policemen were on hand to keep the job seekers in line but there was no disorder. Even with the long wait the men were in good humor and once the office had opened the line moved rapidly.

Commissioner Wallace S. Sayre attributed the line to misconception on the part of applicants, most of whom felt that it was a case of first come first served. These jobs, however, are in the competitive class and are filled after an examination has been held.

To qualify as an automobile engineman, one must be not more than 40 years old, have a chauffeur's license and be able to make minor repairs and adjustments, clean, oil, and maintain in good moving condition automobiles entrusted to him and assist in loading and unloading as required.

One man, Angelo Grimaldo, of 34 Snedeker Avenue, the Bronx, reached the commission's office at 5 p. m. yesterday to be first in line but, seeing nobody there, left. When he returned at 11:30 he found a number ahead of him. He and other early birds said that the real rush did not begin until after daylight this morning.

When the door was open, the waiting applicants were allowed in 10 at a time until the peak of the rush had been passed. Several women were in line, some seeking to qualify on their own account and others seeking applications for their husbands.

There were 7,000 God-fearing men and women in the city of New York alone assembled in the armory in that great metropolitan area the night before the applications were to be received the following morning, 7,000 seeking only 58 jobs.

The VICE PRESIDENT. The clerk will state the next amendment reported by the Committee on Finance.

The next amendment was, under the heading "Title VI—Amendments to the Internal Revenue Code", on page 61, line 6, before the word "Section", to insert "(a)"; and after line 14, to insert:

"(b) Such section 1401 is further amended by adding at the end thereof the following new subsection:

"(d) Special refund: If by reason of an employee rendering service for more than one employer during any calendar year after the calendar year 1939, the wages of the employee with respect to employment during such year exceed \$3,000, the employee shall be entitled to a refund of any amount of tax, with respect to such wages, imposed by section 1400, deducted from such wages and paid to the collector, which exceeds the tax with respect to the first \$3,000 of such wages paid. Refund under this section may be made in accordance with the provisions of law applicable in the case of erroneous or illegal collection of the tax; except that no such refund shall be made unless (1) the employee makes a claim, establishing his right thereto, after the calendar year in which the employment was performed with respect to which refund of tax is claimed, and (2) such claim is made within 2 years after the calendar year in which the wages are paid with respect to which refund of tax is claimed. No interest shall be allowed or paid with respect to any such refund."

So as to make the section read:

Sec. 602. (a) Section 1401 (c) of the Internal Revenue Code is amended to read as follows:

"(c) Adjustments: If more or less than the correct amount of tax imposed by section 1400 is paid with respect to any payment of

remuneration, proper adjustments, with respect both to the tax and the amount to be deducted, shall be made, without interest, in such manner and at such times as may be prescribed by regulations made under this subchapter."

(b) Such section 1401 is further amended by adding at the end thereof the following new subsection:

"(d) Special refund: If by reason of an employee rendering service for more than one employer during any calendar year after the calendar year 1939, the wages of the employee with respect to employment during such year exceed \$3,000, the employee shall be entitled to a refund of any amount of tax, with respect to such wages, imposed by section 1400, deducted from such wages and paid to the collector, which exceeds the tax with respect to the first \$3,000 of such wages paid. Refund under this section may be made in accordance with the provisions of law applicable in the case of erroneous or illegal collection of the tax; except that no such refund shall be made unless (1) the employee makes a claim, establishing his right thereto, after the calendar year in which the employment was performed with respect to which refund of tax is claimed, and (2) such claim is made within 2 years after the calendar year in which the wages are paid with respect to which refund of tax is claimed. No interest shall be allowed or paid with respect to any such refund."

The amendment was agreed to.

The next amendment was, on page 65, line 14, before the word "or", to insert "or annuities"; and on line 18, after the word "disability", to insert a comma and "or (D) death, provided the employee (i) has not the option to receive, instead of provision for such death benefit, any part of such payment or, if such death benefit is insured, any part of the premiums (or contributions to premiums) paid by his employer, and (ii) has not the right, under the provisions of the plan or system or policy of insurance providing for such death benefit, to assign such benefit, or to receive a cash consideration in lieu of such benefit either upon his withdrawal from the plan or system providing for such benefit or upon termination of such plan or system or policy of insurance or of his employment with such employer", so as to read:

Sec. 1426. Definitions.

When used in this subchapter—

(a) Wages: The term "wages" means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include—

(1) That part of the remuneration which, after remuneration equal to \$3,000 has been paid to an individual by an employer with respect to employment during any calendar year, is paid to such individual by such employer with respect to employment during such calendar year;

(2) The amount of any payment made to, or on behalf of, an employee under a plan or system established by an employer which makes provision for his employees generally or for a class or classes of his employees (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment), on account of (A) retirement, or (B) sickness or accident disability, or (C) medical and hospitalization expenses in connection with sickness or accident disability, or (D) death, provided the employee (i) has not the option to receive, instead of provision for such death benefit, any part of such payment or, if such death benefit is insured, any part of the premiums (or contributions to premiums) paid by his employer, and (ii) has not the right, under the provisions of the plan or system or policy of insurance providing for such death benefit, to assign such benefit, or to receive a cash consideration in lieu of such benefit either upon his withdrawal from the plan or system providing for such benefit or upon termination of such plan or system or policy of insurance or of his employment with such employer;

(3) The payment by an employer (without deduction from the remuneration of the employee) (A) of the tax imposed upon an employee under section 1400 or (B) of any payment required from an employee under a State unemployment compensation law; or

(4) Dismissal payments which the employer is not legally required to make.

The amendment was agreed to.

The next amendment was, on page 67, line 2, before the word "of", to strike out "(i)" and insert "(h)", so as to read:

(b) Employment: The term "employment" means any service performed prior to January 1, 1940, which was employment as defined in this section prior to such date, and any service, of whatever nature, performed after December 31, 1939, by an employee for the person employing him, irrespective of the citizenship or residence of either, (A) within the United States, or (B) on or in connection with an American vessel under a contract of service which is entered into within the United States or during the performance of which the vessel touches at a port in the United States, if the employee is employed on and in connection with such vessel when outside the United States, except—

(1) Agricultural labor (as defined in subsection (h) of this section).

The amendment was agreed to.

The next amendment was, on page 69, line 8, after the word "organization", to insert "exempt from income tax under section 101 (1)", so as to read:

(B) Service performed in the employ of an agricultural or horticultural organization exempt from income tax under section 101 (1).

The amendment was agreed to.

The next amendment was, on page 69, line 23, after the words "dependents or", to insert the word "their"; and on line 25, after the word "are", to insert "officers or", so as to read:

(D) Service performed in the employ of a voluntary employees' beneficiary association providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents or their designated beneficiaries, if (1) admission to membership in such association is limited to individuals who are officers or employees of the United States Government, and (2) no part of the net earnings of such association inures (other than through such payments) to the benefit of any private shareholder or individual.

The amendment was agreed to.

The next amendment was, on page 71, line 12, after the word "State", to strike out "law," and insert "law," so as to read:

(13) Service performed as a student nurse in the employ of a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school chartered or approved pursuant to State law; and service performed as an interne in the employ of a hospital by an individual who has completed a 4 years' course in a medical school chartered or approved pursuant to State law;

The amendment was agreed to.

The next amendment was, on page 71, after line 12, to insert:

(14) Service performed by an individual in the catching, taking, harvesting, cultivating, or farming of any kind of fish, shellfish, crustacea, sponges, seaweeds, or other aquatic forms of animal and vegetable life, or as officer or member of the crew of any sail vessel, or a vessel other than a sail vessel of less than 400 tons (determined in the manner provided for determining the register tonnage under the laws of the United States), while such vessel is engaged in any such activity (including preparation for, and unloading after, any such activity); or

(15) Service performed by an individual under the age of 18 in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution.

Mr. LA FOLLETTE. Mr. President, let me ask the Senator from Mississippi whether or not this amendment should not go over with the other amendment which was passed over?

Mr. HARRISON. Mr. President, I was about to make the statement that the Senator from Washington has withdrawn his objection to the other amendment, and I was about to ask that we recur to the amendment on page 42, line 7, and have that amendment adopted. The objection raised by the Senator from Washington has been withdrawn, and he understands the situation thoroughly.

The VICE PRESIDENT. The question is on agreeing to the amendment on page 71, beginning with line 13.

The amendment was agreed to.

The VICE PRESIDENT. The Senator from Mississippi now asks that the Senate recur to the amendment on page 42, line 7.

The CHIEF CLERK. On page 42, after line 6, it is proposed to insert the following:

(14) Service performed by an individual in the catching, taking, harvesting, cultivating, or farming of any kind of fish, shellfish, crustacea, sponges, seaweeds, or other aquatic forms of animal and vegetable life, or as officer or member of the crew of any sail vessel, or a vessel other than a sail vessel of less than 400 tons (determined in the manner provided for determining the register tonnage under the laws of the United States), while such vessel is engaged in any such activity (including preparation for, and unloading after, any such activity); or

(15) Service performed by an individual under the age of 18 in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution.

The amendment was agreed to.

The next amendment was, on page 72, line 16, after the word "performed", to strike out "for an employer"; and in

line 17, after the word "period", to insert "by an employee for the person employing him", so as to read:

(c) Included and excluded service: If the services performed during one-half or more of any pay period by an employee for the person employing him constitute employment, all the services of such employee for such period shall be deemed to be employment; but if the services performed during more than one-half of any such pay period by an employee for the person employing him do not constitute employment, then none of the services of such employee for such period shall be deemed to be employment. As used in this subsection the term "pay period" means a period (of not more than 31 consecutive days) for which a payment of remuneration is ordinarily made to the employee by the person employing him. This subsection shall not be applicable with respect to services performed in a pay period by an employee for the person employing him, where any of such service is excepted by paragraph (9) of subsection (b).

The amendment was agreed to.

The next amendment was, on page 72, line 21, after the word "corporation" and the period, to strike out:

It also includes any individual who, for remuneration (by way of commission or otherwise) under an agreement or agreements contemplating a series of similar transactions, secures applications or orders or otherwise personally performs services as a salesman for a person in furtherance of such person's trade or business (but who is not an employee of such person under the law of master and servant); unless (1) such services are performed as a part of such individual's business as a broker or factor and, in furtherance of such business as broker or factor, similar services are performed for other persons and one or more employees of such broker or factor perform a substantial part of such services, or (2) such services are not in the course of such individual's principal trade, business, or occupation.

(e) Employer: The term "employer" includes any person for whom an individual performs any service of whatever nature as his employee.

So as to read:

(d) Employee: The term "employee" includes an officer of a corporation.

Mr. DANAHER. Mr. President, I was unable to hear the Senator from Mississippi when he spoke, as I understood, with reference to the amendment on page 72, line 21. Will the Senator please tell what happened to that amendment?

Mr. HARRISON. Mr. President, we struck out the amendment which the House had put in, which carried a definition of employee covering salesmen who are not employees. We also propose an amendment at another place in the bill which expressly excludes from the unemployment insurance tax agents of insurance companies who work on commission—solely on commission.

Mr. DANAHER. Mr. President, does this apply also to self-employed persons generally? Are they also now exempt?

Mr. HARRISON. They are not covered.

Mr. DANAHER. Mr. President, will the Senator yield further?

Mr. HARRISON. I yield.

Mr. DANAHER. I ask unanimous consent to have inserted in the RECORD at this point, as part of my remarks, a very full and complete letter dealing with this general subject which I feel is of such value that it should be perpetuated in the RECORD for the examination of all.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE FULLER BRUSH CO.,
Hartford, Conn., June 16, 1939.

HON. JOHN A. DANAHER,
United States Senate, Washington, D. C.

DEAR SIR: There is a proposed amendment to the Federal Social Security Act before the Senate under which the term "employee" is redefined to include independent contractors or dealers. The amendment is to section 1101 (a) substituting a new paragraph (6). We feel that you may be unfamiliar with the difficulties that would be experienced under this amendment.

Allow us to give you some facts about our dealers:

The dealer enjoys the independent character and freedom of his business; prizes his status as a local businessman, for he has no boss, does not punch a time clock, fixes his hours of labor and his hours of leisure, and no one tells him when, how, or where he should work. Each day he makes his own decision as to what he will do and how he will do it. He negotiates business with his customers, trades and barbers with them, makes special inducements for them to buy, throwing in articles or making special prices to get larger orders. Some weeks he buys merchandise from us and some weeks he does not. We do not know whether he is selling or not selling.

Frequently he just stops buying and it is weeks before we hear from him, sometimes months. Some dealers use automobiles in their business, others do not. Some advertise, some do not. Some dealers are engaged in selling brushes as a part-time business. For the balance of their time they are otherwise engaged or employed. Some are also selling other lines of merchandise. We do not know when they are selling our merchandise or selling the merchandise of another company or engaged in activities of their own.

The dealers buy merchandise from us at wholesale prices. We do not pay them any salary, wages, commissions, or other form of remuneration. The difference between the price a dealer receives from his customer and the price he pays us, less his expense of selling, taxes, and credit losses, is his profit, the amount of which we do not know. We have no pay roll for dealers.

Since we do not know how much the dealers' profits amount to we cannot compute the amount of the tax.

Someone may say that we could have the dealer report to us the amount of his gross profits and the amount of his expenses, taxes, credit losses, etc., and thus his net income would be determined, but this would be based entirely on information provided by the dealer. The company, however, would have no way of compelling a dealer to make such reports to it, and even if a dealer would make such reports we would have no way of deducting a tax from the profits the dealer claims he has made. The dealer is always indebted to us for merchandise purchased. The company might bill the dealer for a so-called pay-roll tax based upon the dealer's statement as to the amount of his net profits, but we would have no way of collecting the tax from the dealer.

The fact is the dealer is not our employee.

The above brief statement will give you some idea of the problems that will be confronting us should the amendment be adopted.

If you will bear with us a few more moments, we shall give you more facts, which we trust will be of assistance to you.

From our years of experience, we positively know that it is impossible to supervise, control, or direct dealers scattered throughout the Nation. Some of them work diligently all day, others devote only a few hours—their time is their own—they work or not, as they please. They will not work regularly, they are not at our place of business. It is common knowledge that a dealer can do enough business in a few hours or part of a week to give him enough profits to satisfy him for a whole week or until he again needs money. Many times it cannot be determined for weeks whether he is or is not doing business. It is also a practice for these people to lump their orders, so that for 1 or 2 or more weeks they earn nothing as far as we can determine. After 3 or 4 weeks they send us an order and we do not know whether they have sold all the merchandise they are buying or whether they order a stock to keep on hand. If the latter, we do not know when they will sell it or whether they ever will sell it.

Under this practice, if he is an employee, he can claim he is unemployed and we would have no knowledge about the real facts.

The adoption of the amendment will present staggering administrative problems. The paper work involved in trying to get data to put into reports will be stupendous; must be obtained by correspondence and there is no way of making dealers give us the information necessary for reports. We are not overpainting the picture, we are giving you hard, cold, actual facts, and that is what you want.

We sincerely hope that the above information will convince you that the amendment should not become a law and that you will share this information with other Senators.

However, if it is the judgment of Congress that the amendment should be passed, the following sentence should be added: "It does not include any individual who purchases merchandise for resale whose profit is determined by his resale price."

The language of the amendment is not clear. If any such amendment as this is going to be adopted, it should exclude specifically the individuals who purchase merchandise for resale at a profit and who are not compensated in any other way by the firm whose goods they are buying and selling. If the amendment is intended, by a mistake in judgment, to include individuals coming under this category, it should be borne in mind that it would be impossible to conform with it.

If the above sentence is not added, the produce merchant who sells fruit and vegetables to persons for resale, the pharmacist who sells food flavoring extracts to individuals for resale, the grocer who sells lemons and popcorn to girls for resale, the producer or grower who sells eggs and dressed poultry to the itinerant dealer for resale, the hardware merchant who sells faucet water strainers and anti-splashes to persons for resale, and a host of others—all may be classified under the amendment as employers and the buyers as employees.

Surely Congress does not intend to have this type of buyer, who conducts his business from his home and who calls upon the occupants of homes to sell the merchandise, made an employee by statute. There is no difference in principle between the Fuller dealer and the individuals described above.

Respectfully submitted.

ALFRED C. FULLER,
President.

The VICE PRESIDENT. The question is on agreeing to the amendment on page 72, line 21.

The amendment was agreed to.

The VICE PRESIDENT. The clerk will state the next amendment of the committee.

The next amendment was, on page 74, in line 4, before the word "cultivating", to strike out "connection with"; in the same line, after the word "in", to strike out "connection with"; in line 6, after the word "raising", to insert "shearing,"; in line 7, after the word "feeding", to insert "caring for, training,"; and in line 8, after the word "animals", to insert "and other wildlife", so as to read:

(h) Agricultural labor: The term "agricultural labor" includes all services performed—

(1) On a farm, in the employ of any person, in cultivating the soil, or in raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and other wildlife.

The amendment was agreed to.

The next amendment was, on page 74, line 9, after the word "tenant", to insert "or other operator"; in line 11, after the word "management", to insert "conservation, improvement,"; and in line 12, after the word "farm", to insert "and its tools and equipment", so as to read:

(2) In the employ of the owner or tenant or other operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment, if the major part of such service is performed on a farm.

The amendment was agreed to.

The next amendment was, on page 74, line 20, after the word "cotton", to insert a comma and "or in connection with the operation or maintenance of ditches, canals, reservoirs, or waterways used exclusively for supplying and storing water for farming purposes", so as to read:

(3) In connection with the production or harvesting of maple sirup or maple sugar or any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended, or in connection with the raising or harvesting of mushrooms, or in connection with the hatching of poultry, or in connection with the ginning of cotton, or in connection with the operation or maintenance of ditches, canals, reservoirs, or waterways used exclusively for supplying and storing water for farming purposes.

The amendment was agreed to.

The next amendment was, on page 74, line 24, before the word "drying", to insert "planting", so as to read:

(4) In handling, planting, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to market or to a carrier for transportation to market, any agricultural or horticultural commodity; but only if such service is performed as an incident to ordinary farming operations or, in the case of fruits and vegetables, as an incident to the preparation of such fruits or vegetables for market. The provisions of this paragraph shall not be deemed to be applicable with respect to service performed in connection with commercial canning or commercial freezing or in connection with agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption.

The amendment was agreed to.

The next amendment was, on page 78, line 25, after the word "law", to insert "to the highest rate applied thereunder in the taxable year to any person having individuals in his employ, or"; and after the words "per centum", to insert "whichever rate is lower", so as to read:

(b) Additional credit: In addition to the credit allowed under subsection (a), a taxpayer may credit against the tax imposed by section 1600 for any taxable year an amount, with respect to the unemployment compensation law of each State certified for the taxable year as provided in section 1602 (or with respect to any provisions thereof so certified), equal to the amount, if any, by which the contributions required to be paid by him with respect to the taxable year were less than the contributions such taxpayer would have been required to pay if throughout the taxable year he had been subject under such State law to the highest rate applied thereunder in the taxable year to any person having individuals in his employ, or to a rate of 2.7 percent, whichever rate is lower.

The amendment was agreed to.

The next amendment was, on page 79, to strike out lines 16 to 19, inclusive, as follows:

(1) The total annual contributions will yield not less than an amount substantially equivalent to 2.7 percent of the total annual pay roll with respect to which contributions are required under such law, and.

Mr. AUSTIN. Mr. President, at this point in the consideration of the amendments I ask unanimous consent to

have inserted in the RECORD a telegram from T. B. Wright, President of the Vermont Council of Retail Merchants.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

BURLINGTON, VT., July 10, 1939.

HON. WARREN R. AUSTIN,

The Senate:

Unemployment compensation provisions of title 6, section 610, of H. R. 6635, as amended by Senate Finance Committee, has hearty approval of Vermont Council of Retail Merchants. We feel imposition of Federal standards on State unemployment-compensation laws will have undesirable effect on development of stabilized employment and experience rating in the States.

T. B. WRIGHT,

President, Vermont Council of Retail Merchants.

The VICE PRESIDENT. The question is on agreeing to the amendment on page 79, beginning with line 16.

The amendment was agreed to.

The VICE PRESIDENT. The clerk will state the next amendment of the committee.

Mr. SHIPSTEAD. Mr. President, has the amendment on page 79, beginning with line 16, been adopted?

The VICE PRESIDENT. It has been adopted.

Mr. SHIPSTEAD. I have an amendment to offer on behalf of the American Federation of Labor, dealing with that amendment, which has just been agreed to.

Mr. HARRISON. Mr. President, I ask that the vote by which the amendment, on page 79, lines 16 to 19, was agreed to, be reconsidered.

The VICE PRESIDENT. Without objection, the vote by which the amendment was agreed to is reconsidered.

Mr. SHIPSTEAD. I have an amendment to offer on behalf of the American Federation of Labor. Their position is that the security fund will be impaired if the amendment, as it now reads, shall be agreed to. The total income will be less than 2.7 percent, and the fear is expressed that it will provide an inducement to the various States to compete for lower and lower rates and so impair the funds of the security fund. In view of that fact I ask the Senator from Mississippi to accept my amendment and to have it inserted in lieu of the committee amendment.

Mr. HARRISON. Mr. President, there was no question before the committee which gave it more concern and upon which longer time was taken to study than the 2.7 provision. We had before us the so-called McCormack amendment. I think the committee was all agreed on the elimination of the McCormack amendment, which was adopted in the House. We also agreed on the elimination of the 2.7-percent provision.

The matter will be in conference, I may say to the Senator. The whole question will be in conference, and I hope that the Senate will win out in the conference. I think there was no dissention in the committee on the question that this matter should be stricken out, although I know that I got the impression that if the McCormack amendment were agreed to we ought to have something in the bill providing that the reserves be maintained on a reasonable basis such as suggested by the Social Security Board. But we felt that that question was so technical in character that it ought to be subjected to a study by an advisory committee, and if I recall correctly, the Chairman of the Social Security Board stated to the committee that it would not be a bad idea if this matter be studied for awhile, and that it would not under the House proposal be put into operation until, I believe, 1942.

Mr. VANDENBERG. Mr. President, I think the Senator from New York [Mr. WAGNER] has pending a resolution providing for the re-creation of the advisory council to deal with the whole subject.

Mr. HARRISON. Yes. I was further going to state that the amendment would be offered by the Senator from New York to create an advisory committee to study this question. The matter is a very important one. No one wants to see these funds which have been built up for this reason or that increased or reduced to such an extent that the States might not have sufficient funds to pay unemployment benefits. We think there should be further study before any changes are

made. There are some States in which these unemployment benefits are just now beginning to be paid. I think Wisconsin led in the march, and they adopted the merit rating system. The whole matter is one of such technical and far-reaching significance that we think it should be further studied.

Mr. SHIPSTEAD. Am I to understand that the Senator from New York [Mr. WAGNER] will offer an amendment to this bill?

Mr. HARRISON. He will offer an amendment to create an advisory council to be appointed by the Finance Committee of the Senate, and the Ways and Means Committee of the House to work on this question and to submit its advice and findings to the Social Security Board and to Congress.

Mr. SHIPSTEAD. Can the Senator give us an idea how long such a study will require? How much time will it take?

Mr. HARRISON. That depends on many factors. There may be a report ready for the next session of Congress.

Mr. SHIPSTEAD. If it is for the next session of Congress I think that would be a reasonable procedure.

Mr. HARRISON. The American Federation of Labor is no more intent than the members of the Finance Committee of the Senate on seeing that these funds are preserved and that proper legislation is passed by the States. We do not want to see the fund depleted at all. We do not want it to be lowered to the point where it is dangerous.

Mr. SHIPSTEAD. I see the Senator from New York has just entered the Senate Chamber. I should like to direct a question to him about the wording of the proposed amendment.

Mr. HARRISON. I will ask the Senator from New York if it is not his purpose to offer an amendment which will create a board to study the whole unemployment-insurance question?

Mr. WAGNER. Yes. The amendment proposes the establishment of a board similar to the advisory council which was appointed several years ago, I think at the suggestion of the Senator from Michigan [Mr. VANDENBERG], to study the question of old-age pensions, and I think they rendered an extraordinary service and have aided the committee very greatly in the formulation of amendments.

Mr. HARRISON. They certainly have done so.

Mr. WAGNER. I shall propose an amendment calling for a similar study of the subject of unemployment insurance, because of the very many technical subjects which are involved that are constantly arising. I do not think any committee of Congress should be asked to deal with these technical subjects before they have at least the constructive and sound advice of a technical group representing employers and employees, the public, and the Government.

Mr. SHIPSTEAD. Has the Senator an amendment to that effect to offer to the bill?

Mr. WAGNER. The amendment is ready to be offered. I may say to the Senator, when the consideration of committee amendments shall have been completed.

Mr. SHIPSTEAD. And is it expected that the proposed committee will report at the next session of Congress?

Mr. WAGNER. It is hoped that they will so report. Undoubtedly they will report just as soon as they are prepared to give their conclusions.

Mr. SHIPSTEAD. The Senator understands that time is important, because there is some doubt about maintaining the integrity of these funds.

Mr. WAGNER. I do not think it is any more essential than it was essential to fix a particular time with reference to the advisory council which treated with the subject of old-age pensions. They did a very fine job in advising Congress as to the technical changes that were desirable because of the short experience that had been had with the matter. I think the Congress may very well rely upon any council that is appointed representing both employers and employees as well as the Government. I believe they will be very diligent. They will be able to advise Congress in relation to any changes that may be necessary.

Mr. SHIPSTEAD. Does the Senator believe the amendment he will offer will be acceptable to the committee?

Mr. HARRISON. I may say that the Finance Committee by vote has already expressed itself favorably to the chairman's acceptance of the amendment of the Senator from New York when offered.

Mr. O'MAHONEY. Mr. President, I should like to ask the chairman of the committee [Mr. HARRISON] or the Senator from New York [Mr. WAGNER] whether or not the text of the proposed amendment is available.

Mr. WAGNER. Yes; it is printed.

Mr. O'MAHONEY. I refer to the amendment to be offered by the Senator from New York.

Mr. WAGNER. Yes.

Mr. O'MAHONEY. Mr. President, I ask unanimous consent that there be printed in the RECORD at this point the full text of the amendment proposed to be offered by the Senator from New York [Mr. WAGNER] dealing with the investigation of unemployment insurance.

There being no objection, the amendment intended to be proposed by Mr. WAGNER was ordered to be printed in the RECORD, as follows:

Amendment intended to be proposed by Mr. WAGNER to the bill (H. R. 6635) to amend the Social Security Act, and for other purposes, viz: On page 119, at the end of the bill, insert the following new section:

"Sec. 903. (a) There is hereby authorized to be established by the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives, in cooperation with the Social Security Board, an Advisory Council on Unemployment Insurance, representing employers, employees, and the general public, to study and report to said committee on the following matters concerning unemployment insurance:

- "1. Scope and coverage.
- "2. Amount, character, duration, and qualification for benefits.
- "3. Advisability and nature of individual employer and State unemployment experience ratings for tax purposes.
- "4. Size, character, adequacy, and disposition of reserves.
- "5. Source, character, and method of financing.
- "6. Coordination of unemployment insurance with relief, work relief, and other programs for alleviating economic distress among the unemployed.
- "7. Pertinent experience in the operation and administration of existing unemployment-insurance laws.
- "8. Any other matters which either of the above-mentioned committees or the Social Security Board may deem relevant to the inquiry.
- "(b) The Social Security Board shall furnish all necessary technical assistance in connection with such study."

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee, on page 79, lines 16 to 19.

The amendment was agreed to.

The VICE PRESIDENT. The clerk will state the next amendment reported by the committee.

The next amendment was, on page 80, line 1, after the words "not less than", to strike out "the 3 consecutive years" and insert in lieu thereof "a 1-year period", so as to read:

(1) No reduced rate of contributions to a pooled fund or to a partially pooled account is permitted to a person (or group of persons) having individuals in his (or their) employ except on the basis of his (or their) experience with respect to unemployment or other factors bearing a direct relation to unemployment risk during not less than a 1-year period immediately preceding the computation date.

Mr. WALSH. Mr. President, I should like to have the attention of the chairman of the committee on this amendment, which is very important.

The present law fixes the period of time for determining the compensation paid by an employer in a particular State on the basis of the average over a period of 3 years. The House bill contained the same provision. The Finance Committee has changed the period to 1 year. Many persons are of the opinion that 1 year's experience is not a sufficient test of whether the employer should have his rate raised or lowered. I was about to suggest to the chairman of the committee an amendment making the period 2 years. As the House bill provided 3 years, the whole matter could then go to conference and be disposed of on a basis of not less than 2 years or more than 3 years. Personally, I feel that one year is altogether too short a time for a determination

by the State of what contribution should be made by an employer.

Mr. HARRISON. So far as I am concerned, I shall be very glad to accept an amendment providing for 2 years, so that the matter may go to conference.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee on page 80, beginning in line 1.

Mr. WALSH. Mr. President, I move to amend the part proposed to be stricken out in the committee amendment by striking out, on page 80, line 1, the word "three" and inserting in lieu thereof the word "two."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Massachusetts [Mr. WALSH] to the amendment reported by the committee.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The question now is on agreeing to the committee amendment, as amended.

The amendment, as amended, was rejected.

The VICE PRESIDENT. The clerk will state the next amendment reported by the committee.

The next amendment was, on page 80, line 3, after the word "date", to insert a comma and the words "throughout which compensation has been payable under such law"; and at the end of line 4, after the semicolon, to strike out the word "or", so as to read:

immediately preceding the computation date, throughout which compensation has been payable under such law.

The amendment was agreed to.

The next amendment was, on page 81, after line 22, to strike out:

(b) Other State standards: Notwithstanding the provisions of subsection (a) (1) of this section a taxpayer shall be allowed an additional credit under section 1601 (b) with respect to any reduced rate of contributions permitted by a State law if the Board finds that under such law—

(1) the amount in the unemployment fund as of the computation date equals not less than one and one-half times the highest amount paid into such fund with respect to any one of the preceding 10 calendar years or one and one-half times the highest amount of compensation paid out of such fund within any one of the preceding 10 calendar years, whichever is the greater; and

(2) compensation will be paid to any otherwise eligible individual in accordance with general standards and requirements not less favorable to such individual than the following or substantially equivalent standards:

(A) the individual will be entitled to receive, within a compensation period prescribed by State law of not more than 52 consecutive weeks, a total amount of compensation equal to not less than 16 times his weekly rate of compensation for a week of total unemployment or one-third the individual's total earnings (with respect to which contributions were required under such State law) during a base period prescribed by State law of not less than 52 consecutive weeks, whichever is less.

(B) no such individual will be required to have been totally unemployed for longer than 2 calendar weeks or two periods of 7 consecutive days each, as a condition to receiving, during the compensation period prescribed by State law, the total amount of compensation provided in subparagraph (A) of this subsection.

(C) the weekly rates of compensation payable for total unemployment in such State will be related to the full time weekly earnings (with respect to which contributions were required under such State law) of such individual during a period prescribed by State law or will be determined on the basis of such fractional part of an individual's total earnings (with respect to which contributions were required under such State law) during that calendar quarter within such period in which such earnings were highest, as will produce a reasonable approximation of such full-time weekly earnings, and will not be less than (i) \$5 per week if such full-time weekly earnings were \$10 or less, (ii) 50 percent of such full-time weekly earnings if they were more than \$10 but not more than \$30, and (iii) \$15 per week if such full-time weekly earnings were more than \$30, and

(D) compensation will be paid under such State law to any such individual whose earnings in any week equal less than such individual's weekly rate of compensation for total unemployment, in an amount at least equal to the difference between such individual's actual earnings with respect to such week and his weekly rate of compensation for total unemployment; and

(3) Any variations in reduced rates of contributions, as between different persons having individuals in their employ, are permitted only in accordance with the provisions of paragraph (2), (3), or (4) of subsection (a) of this section.

The amendment was agreed to.

The next amendment was, on page 84, line 12, before the word "Certification", to strike out "(c)" and insert "(b)"; in

line 20, before the word "of", to strike out "or (b)"; on page 85, line 4, before the word "of", to strike out "or (b)"; in line 10, before the word "of", where it occurs the second time, to strike out "or (b)"; in line 12, after the word "subsection", to strike out "(d)" and insert "(c)"; and in line 22, before the word "of", where it occurs the second time, to strike out "or (b)", so as to read:

(b) Certification by the Board with respect to additional credit allowance—

(1) On December 31 in each taxable year the Board shall certify to the Secretary of the Treasury the law of each State (certified with respect to such year by the Board as provided in section 1603) with respect to which it finds that reduced rates of contributions were allowable with respect to such taxable year only in accordance with the provisions of subsection (a) of this section.

(2) If the Board finds that under the law of a single State (certified by the Board as provided in section 1603) more than one type of fund or account is maintained, and reduced rates of contributions to more than one type of fund or account were allowable with respect to any taxable year, and one or more of such reduced rates were allowable under conditions not fulfilling the requirements of subsection (a) of this section, the Board shall, on December 31 of such taxable year, certify to the Secretary of the Treasury only those provisions of the State law pursuant to which reduced rates of contributions were allowable with respect to such taxable year under conditions fulfilling the requirements of subsection (a) of this section, and shall, in connection therewith, designate the kind of fund or account, as defined in subsection (c) of this section, established by the provisions so certified. If the Board finds that a part of any reduced rate of contributions payable under such law or under such provisions is required to be paid into one fund or account and a part into another fund or account, the Board shall make such certification pursuant to this paragraph as it finds will assure the allowance of additional credits only with respect to that part of the reduced rate of contributions which is allowed under provisions which do fulfill the requirements of subsection (a) of this section.

The amendment was agreed to.

The next amendment was, on page 86, line 2, after the word "subsection", to strike out "(d)" and insert "(c)"; in line 4, before the word "of" where it occurs the second time, to strike out "or (b)"; and in line 13, before the word "of", to strike out "or (b)", so as to read:

(3) The Board shall, within 30 days after any State law is submitted to it for such purpose, certify to the State agency its findings with respect to reduced rates of contributions to a type of fund or account, as defined in subsection (c) of this section, which are allowable under such State law only in accordance with the provisions of subsection (a) of this section. After making such findings, the Board shall not withhold its certification to the Secretary of the Treasury of such State law, or of the provisions thereof with respect to which such findings were made, for any taxable year pursuant to paragraph (1) or (2) of this subsection unless, after reasonable notice and opportunity for hearing to the State agency, the Board finds the State law no longer contains the provisions specified in subsection (a) of this section or the State has, with respect to such taxable year, failed to comply substantially with any such provision.

The amendment was agreed to.

The next amendment was, on page 86, line 16, before the word "Definitions", to strike out "(d)" and insert "(c)", so as to read:

(c) Definitions: As used in this section.

The amendment was agreed to.

The next amendment was, on page 89, line 7, before the word "any", to strike out "1939" and insert "1940", and in line 12, after the numeral "1", to strike out "1939" and insert "1940", so as to read:

(6) Balance: The term "balance", with respect to a reserve account or a guaranteed employment account, means the amount standing to the credit of the account as of the computation date; except that, if subsequent to January 1, 1940, any moneys have been paid into or credited to such account other than payments thereto by persons having individuals in their employ, such term shall mean the amount in such account as of the computation date less the total of such other moneys paid into or credited to such account subsequent to January 1, 1940.

The amendment was agreed to.

The next amendment was, on page 89, after line 22, to strike out:

(b) The provisions of paragraph (1) of section 1602 (a) of the Internal Revenue Code, as amended, shall be applicable to paragraph (2) of such section only after December 31, 1941; and shall in no event be applicable to paragraph (4) of such section in force prior to January 1, 1942.

The amendment was agreed to.

The next amendment was, on page 91, line 22, after the word "the" where it occurs the second time, to strike out "taxes imposed by sections 1410 and" and insert "tax imposed by section", so as to read:

(b) The legislature of any State may require any instrumentality of the United States (except such as are (A) wholly owned by the United States, or (B) exempt from the tax imposed by section 1600 by virtue of any other provision of law), and the individuals in its employ, to make contributions to an unemployment fund under a State unemployment compensation law approved by the Board under section 1603 and (except as provided in section 5240 of the Revised Statutes, as amended, and as modified by subsection (c) of this section) to comply otherwise with such law.

The amendment was agreed to.

The next amendment was, on page 94, line 6, after the word "were", to strike out "in his employ" and insert "employed by him in employment", so as to read:

SEC. 1607. Definitions.

When used in this subchapter—

(a) Employer: The term "employer" does not include any person unless on each of some 20 days during the taxable year, each day being a different calendar week, the total number of individuals who were employed by him in employment for some portion of the day (whether or not at the same moment of time) was eight or more.

The amendment was agreed to.

The next amendment was, on page 94, line 25, after the word "insurance", to insert "or annuities", and on page 95, line 4, after the word "disability", to insert a comma and "or (D) death, provided the employee (i) has not the option to receive, instead of provision for such death benefit, any part of such payment or, if such death benefit is insured, any part of the premiums (or contributions to premiums) paid by his employer, and (ii) has not the right, under the provisions of the plan or system or policy of insurance providing for such death benefit, to assign such benefit, or to receive a cash consideration in lieu of such benefit either upon his withdrawal from the plan or system providing for such benefit or upon termination of such plan or system or policy of insurance or of his employment with such employer", so as to read:

(2) The amount of any payment made to, or on behalf of, an employee under a plan or system established by an employer which makes provision for his employees generally or for a class or classes of his employees (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment), on account of (A) retirement, or (B) sickness or accident disability, or (C) medical and hospitalization expenses in connection with sickness or accident disability, or (D) death, provided the employee (i) has not the option to receive, instead of provision for such death benefit, any part of such payment or, if such death benefit is insured, any part of the premiums (or contributions to premiums) paid by his employer, and (ii) has not the right, under the provisions of the plan or system or policy of insurance providing for such death benefit, to assign such benefit, or to receive a cash consideration in lieu of such benefit either upon his withdrawal from the plan or system providing for such benefit or upon termination of such plan or system or policy of insurance or of his employment with such employer.

The amendment was agreed to.

The next amendment was, on page 98, line 11, after the word "organization", to insert "exempt from income tax under section 101 (1)"; so as to read:

(B) Service performed in the employ of an agricultural or horticultural organization exempt from income tax under section 101 (1).

The amendment was agreed to.

The next amendment was, on page 98, line 25, after the word "or", to insert "their", and on page 99, line 3, before the word "employees", to insert "officers or"; so as to read:

(D) Service performed in the employ of a voluntary employees' beneficiary association providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents or their designated beneficiaries, if (i) admission to membership in such association is limited to individuals who are officers or employees of the United States Government, and (ii) no part of the net earnings of such association inures (other than through such payments) to the benefit of any private shareholder or individual.

The amendment was agreed to.

The next amendment was, on page 100, line 13, after the word "State", to strike out "law." and insert "law"; so as to read:

(13) Service performed as a student nurse in the employ of a hospital or a nurses' training school by an individual who is

enrolled and is regularly attending classes in a nurses' training school chartered or approved pursuant to State law; and service performed as an interne in the employ of a hospital by an individual who has completed a 4-year course in a medical school chartered or approved pursuant to State law.

The amendment was agreed to.

The next amendment was, on page 100, after line 13, to insert:

(14) Service performed by an individual for a person as an insurance agent or as an insurance solicitor, if all such service performed by such individual for such person is performed for remuneration solely by way of commission; or

(15) Service performed by an individual under the age of 18 in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution.

Mr. LA FOLLETTE. Mr. President, I should like to ask the Senator from Mississippi [Mr. HARRISON] if his interpretation of the amendment on page 100, beginning at line 14 and continuing down to and including line 18, is the same as my own. It is my understanding that the committee amendment just referred to, which excludes from employment service performed by insurance agents, does not change the status of insurance agents generally under other titles of the bill or under the present law.

Mr. HARRISON. I think the Senator is exactly correct.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee on page 100, after line 13.

The amendment was agreed to.

The next amendment was, on page 101, line 12, after the word "performed", to strike out "for an employer"; and in line 13, after the word "period", to insert "by an employee for the person employing him", so as to read:

This subsection shall not be applicable with respect to services performed in a pay period by an employee for the person employing him, where any of such service is excepted by paragraph (9) of subsection (c).

The amendment was agreed to.

The next amendment was, on page 103, line 8, before the word "cultivating", to strike out "connection with"; in the same line, after the word "in", to strike out "connection with"; in line 10, after the word "raising", to insert "shearing"; in line 11, before the word "and", to insert "caring for, training"; in line 12, after the word "animals", to insert "and other wildlife"; in line 15, after the word "management", to insert "conservation, improvement"; and in line 16, after the word "farm", to insert "and its tools and equipment"; and in line 24, after the word "cotton", to insert a comma and "or in connection with the operation or maintenance of ditches, canals, reservoirs, or waterways used exclusively for supplying and storing water for farming purposes", so as to read:

(1) On a farm, in the employ of any person, in cultivating the soil, or in raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and other wildlife.

(2) In the employ of the owner or tenant or other operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment, if the major part of such service is performed on a farm.

(3) In connection with the production or harvesting of maple sirup or maple sugar or any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended, or in connection with the raising or harvesting of mushrooms, or in connection with the hatching of poultry, or in connection with the ginning of cotton, or in connection with the operation or maintenance of ditches, canals, reservoirs, or waterways used exclusively for supplying and storing water for farming purposes.

The next amendment was, on page 104, line 4, before the word "drying", to insert "planting", so as to read:

(4) In handling, planting, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to market or to a carrier for transportation to market, any agricultural or horticultural commodity; but only if such service is performed as an incident to ordinary farming operations or, in the case of fruits and vegetables, as an incident to the preparation of such fruits or vegetables for market. The provisions of this paragraph shall not be deemed to be applicable with respect to service per-

formed in connection with commercial canning or commercial freezing or in connection with any agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption.

The amendment was agreed to.

The next amendment was, under the heading "Title VII—Amendments to Title X of the Social Security Act," on page 105, line 7, after the word "administration" and the parenthesis, to strike out "other than those relating to selection, tenure of office, and compensation of personnel" and insert "including, after January 1, 1940, methods relating to the establishment and maintenance of personnel standards on a merit basis", so as to read:

SEC. 701. (a) Clause (5) of section 1002 (a) of the Social Security Act is amended to read as follows: "(5) provide such methods of administration including, after January 1, 1940, methods relating to the establishment and maintenance of personnel standards on a merit basis) as are found by the Board to be necessary for the proper and efficient operation of the plan."

The amendment was agreed to.

The next amendment was, under the heading "Title VIII—Amendments to Title XI of the Social Security Act," on page 108, line 18, after the numeral "1", to strike out "1940"; at the beginning of line 19, to strike out "(a) clause" and insert "1940, paragraph"; and in line 23, before the word "section", to strike out "including" and insert "except", so as to read:

SEC. 801. Effective January 1, 1940, paragraph (1) of section 1101 (a) of such act is amended to read as follows: "(1) the term State (except when used in section 531) includes Alaska, Hawaii, and the District of Columbia, and when used in titles V and VI of such act (except section 531) includes Puerto Rico."

The amendment was agreed to.

The next amendment was, at the top of page 109, to strike out:

(b) section 1101 (a) is further amended by striking out paragraph (6) and inserting in lieu thereof the following:

"(6) The term 'employee' includes an officer of a corporation. It also includes any individual who, for remuneration (by way of commission or otherwise) under an agreement or agreements contemplating a series of similar transactions, secures applications or orders or otherwise personally performs services as a salesman for a person in furtherance of such person's trade or business (but who is not an employee of such person under the law of master and servant); unless (A) such services are performed as a part of such individual's business as a broker or factor and, in furtherance of such business as broker or factor, similar services are performed for other persons and one or more employees of such broker or factor perform a substantial part of such services, or (B) such services are not in the course of such individual's principal trade, business, or occupation. "(7) The term 'employer' includes any person for whom an individual performs any service of whatever nature as his employee."

The amendment was agreed to.

The next amendment was, under the heading "Title IX—Miscellaneous Provisions", on page 115, after line 16, to insert:

(i) No part of the tax imposed by the Federal Unemployment Tax Act or by title IX of the Social Security Act, whether or not the taxpayer is entitled to a credit against such tax, shall be deemed to be a penalty or forfeiture within the meaning of section 57j of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, as amended.

The amendment was agreed to.

The next amendment was, on page 116, after line 3, to insert:

SEC. 904. Effective January 1, 1940, section 1428 of the Internal Revenue Code is amended by striking out "paragraphs (9) and (10)" and inserting in lieu thereof "paragraph (9)."

The amendment was agreed to.

The next amendment was, on page 116, after line 7, to insert:

SEC. 905. (a) No service performed at any time during the calendar year 1939 by any individual shall, by reason of the individual having attained the age of 65, be excepted from employment as defined in section 1426 (b) of subchapter A of chapter 9 of the Internal Revenue Code. Paragraph (4) of such section (which excepts such service from employment) is repealed, effective January 1, 1939. The tax on employees imposed by section 1400 of such subchapter and the tax on employers imposed by section 1410 of such subchapter, and the provisions of law applicable to such taxes, shall apply with respect to remuneration paid after December 31, 1938, for service which, by reason of the enactment of this section, constitutes employment as so defined.

(b) Notwithstanding any other provision of law, no employer shall be liable for the tax on any employee, imposed by section 1400 of such subchapter (unless the employer collects such tax from the employee), with respect to service performed before the date of enactment of this act which constitutes employment by reason of the enactment of this section, except to the extent that the employer has under his control at any time on or after the ninetieth day after such date amounts of remuneration earned at any time by the employee.

The amendment was agreed to.

The next amendment was, on page 117, after line 5, to insert:

SEC. 906. If the Social Security Board finds with respect to any State that the first regular session of such State's legislature which began after June 25, 1938, and adjourned prior to 30 days after the enactment of this act (1) had not made provision to authorize and direct the Secretary of the Treasury, prior to 30 days after the close of such session or July 1, 1939, whichever date is later, to transfer from its account in the unemployment trust fund to the railroad unemployment insurance account in the Unemployment Trust Fund an amount equal to such State's "preliminary amount," or to authorize and direct the Secretary of the Treasury, prior to 30 days after the close of such session or January 1, 1940, whichever date is later, to transfer from its account in the Unemployment Trust Fund to the railroad unemployment insurance account in the Unemployment Trust Fund an amount equal to such State's "liquidating amount," or both; and (2) had not made provision for financing the administration of its unemployment-compensation law during the period with respect to which grants therefor under section 302 of the Social Security Act are required under section 13 of the Railroad Unemployment Insurance Act to be withheld by the Social Security Board, notwithstanding the provisions of section 13 (d) of the Railroad Unemployment Insurance Act the Social Security Board shall not begin to withhold from certification to the Secretary of the Treasury for payment to such State the amounts determined by it pursuant to section 302 of the Social Security Act and to certify to the Secretary of the Treasury for payment into the railroad unemployment-insurance account the amount so withheld from such State, as provided in section 13 of the Railroad Unemployment Insurance Act, until after the thirtieth day after the close of such State's first regular or special session of its legislature which begins after the date of enactment of this act and after the Social Security Board finds that such State had not, by the thirtieth day after the close of such legislative session, authorized and directed the Secretary of the Treasury to transfer from such State's account in the Unemployment Trust Fund to the railroad unemployment insurance account in the Unemployment Trust Fund such State's "preliminary amount" plus interest thereon at 2½ percent per annum from the date the amount thereof is determined by the Social Security Board, and such State's "liquidating amount" plus interest thereon at 2½ percent per annum from the date the amount thereof is determined by the Social Security Board. Notwithstanding the provisions of section 13 (e) of the Railroad Unemployment Insurance Act, any withdrawal by such State from its account in the Unemployment Trust Fund for purposes other than the payment of compensation of the whole or any part of amounts so withheld from certification with respect to such State pursuant to this act shall be deemed to constitute a breach of the conditions set forth in sections 303 (a) (5) of the Social Security Act and 1603 (a) (4) of the Internal Revenue Code. The terms "preliminary amount" and "liquidating amount," as used herein, shall have the meanings defined in section 13 of the Railroad Unemployment Insurance Act.

The amendment was agreed to.

The next amendment was, on page 119, after line 12, to insert:

SEC. 907. In addition to any other deductions made under section 203 of the Social Security Act, as amended, deductions shall be made from any primary insurance benefit or benefits to which an individual is entitled or from any other insurance benefit payable with respect to such individual's wages, until such deductions total 1 percent of any wages paid him for services performed in 1939, and subsequent to his attaining age 65, with respect to which the taxes imposed by section 1400 of the Internal Revenue Code have not been deducted by his employer from his wages or paid by such employer.

The amendment was agreed to.

The VICE PRESIDENT. That completes the committee amendments.

Mr. CONNALLY. Mr. President, I send to the desk an amendment which I ask to have stated.

The VICE PRESIDENT. The amendment offered by the Senator from Texas will be stated.

The LEGISLATIVE CLERK. On page 3 it is proposed to strike out lines 5 to 20, both inclusive, and insert in lieu thereof the following:

PAYMENT TO STATES

SEC. 3. (a) From the sums appropriated therefor the Secretary of the Treasury shall pay to each State which has an approved

plan for old-age assistance, for each quarter, beginning with the quarter commencing January 1, 1940, (1) an amount, which shall be used exclusively as old-age assistance, equal to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan with respect to each needy individual who at the time of such expenditure is 65 years of age or older and is not an inmate of a public institution, not counting so much of such expenditure with respect to any such individual for any month as exceeds \$40:

(A) Two-thirds of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of \$15 multiplied by the total number of such individuals who received old-age assistance for such month, plus

(B) One-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A), and (2) 5 percent of the amount of the payment under clause (1) of this subsection, which shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and for no other purpose.

On page 4, line 8, strike out "one-half" and insert in lieu thereof "the State's proportionate share."

Mr. BYRNES. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. JOHNSON of Colorado in the chair). Does the Senator from Texas yield to the Senator from South Carolina?

Mr. CONNALLY. If the Senator will permit me to state the effect of the amendment, I shall then be glad to yield.

Mr. President, the effect of this amendment is to provide that in the matter of old-age assistance or old-age pensions the Federal Government shall make a contribution of \$2 to the State's \$1, up to \$15. Above \$15 there shall be an equal contribution. The purpose of the amendment is to provide Federal benefits, or at least to offer encouragement to the weaker and poorer States, in order that they may make adequate contribution for old-age assistance.

I now yield to the Senator from South Carolina.

Mr. BYRNES. Mr. President, I presented to the committee for its consideration an amendment having in mind the same object as that now presented by the Senator from Texas. The amendment I offered was drafted in accordance with the suggestion which had been made by the officials of the Social Security Board and by others who have given thought to this subject, and provided that the contribution on the part of the States should be based upon a variable formula, so that the States with a low per capita income would contribute an amount related to the percentage that the per capita income of the State bore to the national income.

Mr. CONNALLY. I suggest to the Senator that his amendment provided a two-thirds maximum.

Mr. BYRNES. Yes. In the amendment which I offered, as well as in the amendment of the Senator from Texas, as I understand, there is a provision that in no case shall the contribution by the Federal Government amount to more than two-thirds, nor shall the contribution of the State government amount to less than one-third.

The committee, after considering the amendment and also the amendment offered by the Senator from Texas failed to adopt either of them. It is my opinion that the amendment of the Senator from Texas will receive greater support than the amendment offered by me. Because I am in favor of the objective, I am, therefore, not going to offer the amendment I offered to the committee. Instead I am going to support the amendment of the Senator from Texas.

I desire to call the attention of the Senate to the situation confronting us. Under the existing law, though the Federal Government is contributing 50 percent of any amount not in excess of \$30, the average amount paid by the various States of the Union as of December 31 was \$19.55. The amount paid ranges all the way from \$32.43 in California to \$6.15 in Arkansas.

Under the circumstances, the provision of the bill as it passed the House and was reported by the committee increasing to \$20 the contribution to be made by the Federal Government, conditioned upon the State appropriating \$20, is, in my opinion, absolutely ineffective and can only result in misleading many of the aged who are in need throughout the country. Manifestly, if the States cannot now contribute one-half of \$30, it will be impossible for them to contribute

one-half of \$40. When only one State in the Union contributes \$15; namely, the State of California, I can see no justification for the hope that by merely increasing the maximum contribution of the Federal Government in the statute we can thereby bring about an increased payment to the needy old people throughout the country.

Today when we talk about \$30 old-age assistance in the Congress, it is almost a hopeless task to explain the situation to the man in Arkansas who says, "I get an average of \$6.15 a month," and so on, throughout the other States where the payment is less than \$15 a month.

As a member of the unemployment committee, I devoted some time to the investigation of this subject. Our committee was of the opinion that if old-age assistance was really to be of the service it was intended to be, we should make more adequate provision for the aged needy. So long as payments of \$6.15 or \$8.10 a month are made in the form of old-age assistance the recipients will still be in need, will still resort to the municipality, county, or State for relief, and the taxpayers, through another agency, will contribute to their relief. So long as we are paying this inadequate sum, we will find the local officials who certify eligibles for the W. P. A. rolls certifying the old man and the old woman who is still able to work for a job on W. P. A.

That costs the taxpayers an average of \$1,000 a year, including materials, labor, and overhead. Therefore, from a mere cold-blooded view, considering the expense to the taxpayer, the wise thing for us to do is to contribute such an amount as will make it possible for the States to provide a sum sufficiently adequate to remove the old people from the field of other forms of relief.

The amendment prepared by the Senator from Texas provides for a contribution by the Federal Government of two-thirds of the sum paid by the State to the recipient in the State, the two-thirds being based upon and limited to the average amount paid, not in excess of \$15. It would mean that if today in a State the sum of \$15 is paid, the Federal Government contributing \$7.50 and the local government \$7.50, under this amendment the Federal Government would contribute \$10 and the local government \$5, taking the average. That would mean an additional \$2.50 per man per month contributed by the Federal Government. On all over \$15 the contribution would be, as under the existing law, on the 50-50 basis. The estimate of additional cost is \$80,000,000 in excess of the amount now paid by the Federal Government.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. BYRNES. I yield.

Mr. VANDENBERG. The \$80,000,000 estimate, as I understand, is based upon the maintenance of the existing total, where the system which the Senator contemplates would undoubtedly increase the total, would it not?

Mr. BYRNES. Mr. President, I am unable to answer the Senator's question as satisfactorily as I should like to do. I must say that the figure is contained in a letter written to the Senator from Texas. It was my understanding that, based upon the existing roll of one million eight hundred and some thousand, it would cost only \$63,000,000. I understand the letter to the Senator from Texas states that the estimate of \$80,000,000 is "an intermediate estimate." By that is meant that the estimate is \$60,000,000, based upon the existing roll, and, if they have an estimate as to the addition that would result, it would be somewhere about \$100,000,000, and when the chairman of the Board refers to "an intermediate estimate" he has taken 50 percent of the estimated increase.

Obviously, in justice to the officials of the Board, it should be said that it is impossible for them to estimate accurately the result of an increase on the rolls. I think, therefore, that it is not unfair for them to estimate \$20,000,000 as the increase resulting from the additional number of people who would be granted relief.

Of course, in various States there are various degrees of liberality in placing aged persons upon the roll. It depends upon the attitude of State officials. I think, however, the

figure I have stated would be a fair estimate. If it is, I submit to the Senate, that if we are to admit a dual responsibility in this matter, if we admit that the Federal Government owes a responsibility with reference to the care of the aged as well as do the States, then the Federal Government cannot entirely divest itself of that responsibility and say that it will be content to be a partner in the payment of \$6.15 or \$6.50 or \$7 or \$8 in a State.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. BYRNES. I yield.

Mr. O'MAHONEY. I have observed that the Senator has here a very interesting table, apparently taken from the hearings of the Committee on Unemployment, of which he was chairman, which lists the average payment received by each old-age beneficiary in each of the several States for the period ended December 1938, and that the averages run from a maximum of \$32.43 in the State of California to a minimum of \$6.15 in the State of Arkansas. I ask the Senator if my understanding is correct that the amount of the payment received by each beneficiary is dependent upon the State law and not upon the Federal law?

Mr. BYRNES. Of course, that is correct; and that is what I was addressing myself to, that, while we admit a dual responsibility, we leave to the States the entire determination of the amount. The result of the \$10.10 contribution is that the United States Government pays to the individual in the State 10 cents a day—one thin dime per day to take care of aged and feeble persons. The States are likewise responsible for that, and, if anything, they are more responsible, because they fix the amount. Nevertheless, I submit that, where there is a dual responsibility, the Government of the United States can consider whether or not that is a condition that should be permitted to continue.

Mr. O'MAHONEY. Then I should like to ask the Senator a further question. This list, then, is not a list showing the amount received by each beneficiary, but it is a list showing the amount of the payment by the Federal Government?

Mr. BYRNES. Oh, no; it shows the average amount paid in each State to the beneficiary. When it shows the amount of \$6 and some cents, it means that the average payment to the individual in Arkansas is \$6, in South Carolina \$7, or whatever it is, and so forth.

Mr. O'MAHONEY. Then, under the bill as the committee reported it, the Federal contribution would be one-half of the sum shown in this table?

Mr. BYRNES. That is correct.

Mr. O'MAHONEY. I think it might be well to have the table inserted in the RECORD at this point.

Mr. BYRNES. Mr. President, I accept the suggestion of the Senator from Wyoming, and ask that the table be inserted in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table is as follows:

Average old-age assistance payment per recipient (title I), December 1938	
United States.....	\$19.55
California.....	32.43
Colorado.....	29.99
Massachusetts.....	28.56
Connecticut.....	26.66
Nevada.....	26.46
Arizona.....	26.10
New York.....	24.18
New Hampshire.....	23.08
Ohio.....	23.01
Washington.....	22.10
Wyoming.....	21.62
Idaho.....	21.55
Oregon.....	21.30
Pennsylvania.....	21.19
Wisconsin.....	20.78
Maine.....	20.71
Montana.....	20.48
Utah.....	20.45
Minnesota.....	20.42
South Dakota.....	20.04
Oklahoma.....	19.94
Iowa.....	19.82
Kansas.....	19.62

*Average old-age assistance payment per recipient (title I),
December 1938—Continued*

New Jersey	\$19.32
Rhode Island	18.78
Illinois	18.52
Missouri	18.48
Maryland	17.51
North Dakota	17.38
Nebraska	17.12
Michigan	17.11
Indiana	16.53
Vermont	14.47
Texas	13.84
Florida	13.84
West Virginia	13.79
Tennessee	13.23
New Mexico	11.15
Delaware	10.84
Louisiana	10.26
Virginia	9.54
Alabama	9.51
North Carolina	9.36
Georgia	8.76
Kentucky	8.73
South Carolina	7.40
Mississippi	6.92
Arkansas	6.15

Per capita income by States 1935

United States	\$432
New York	700
Connecticut	607
California	605
Delaware	590
Rhode Island	561
Nevada	545
Massachusetts	539
Wyoming	526
New Jersey	517
Illinois	500
Montana	482
Pennsylvania	478
Michigan	473
Maryland	473
Wisconsin	467
Ohio	460
New Hampshire	438
Washington	434
Minnesota	416
Maine	414
Colorado	406
Indiana	402
Arizona	401
Oregon	394
Iowa	370
Missouri	366
Vermont	366
Kansas	365
Nebraska	361
Florida	353
Utah	348
Idaho	344
New Mexico	322
West Virginia	318
Texas	316
Virginia	305
Louisiana	300
South Dakota	275
North Dakota	260
Oklahoma	259
North Carolina	253
Georgia	253
Kentucky	240
Tennessee	232
South Carolina	224
Alabama	189
Arkansas	182
Mississippi	170
District of Columbia	966

Mr. O'MAHONEY. Mr. President, I now desire to ask the Senator another question. What differences are there in the laws of the various States which account for these differences in the payments?

Mr. BYRNES. Mr. President, of course, the laws of the States simply provide for the reduced payments in the large number of States indicated on the list.

Mr. O'MAHONEY. Is it solely a question of the inability of the States to raise by taxation sufficient funds to meet the maximum allowed by the United States law?

Mr. BYRNES. That is the only other point to which I desire to refer. That question, of course, has been discussed

at some length. The result of my investigation convinces me that it is due to the inability of the States to make larger contributions.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. BYRNES. I yield to the Senator from Virginia.

Mr. BYRD. I should like the Senator to refer, for example, to Illinois, the second richest State in the Union. It is now paying a pension of \$19.10. Does the Senator contend that Illinois cannot pay more than \$19.10 to the aged persons of that State?

Mr. BYRNES. Mr. President, I have before me the table. The hearings contain, opposite the table showing the amounts paid in the various States, a table showing the per capita income by States. According to that table, Illinois ranks tenth in the list of States in per capita income, and does not rank second in the list of States.

Mr. BYRD. I will say to the Senator that in wealth it does rank second.

Mr. BYRNES. Mr. President, I know the Senator's views on the subject, because the matter was discussed in committee. The question as to what constitutes the ability of a State to pay is to my mind best settled by the question of per capita income according to the statement of the Department of Commerce issued about 6 weeks ago. The figures to which I refer are based upon that investigation by the Department of Commerce, following the most scientific methods known to the officials of the United States Government at this time. They show Illinois as tenth in the list. That, I contend, is the best evidence of ability to pay; but I want to say that the figures speak for themselves. I hope Members of the Senate will read these figures in the RECORD in the morning.

There are two or three States whose per capita income is high, but which have made a relatively small contribution. Illinois is not the best illustration from that viewpoint, as I see it; but this situation cannot be judged by any one State or two States. We must take the list; and if we will follow the list we shall find that according to the per capita income, as determined by the Department of Commerce, the payments of old-age assistance to the beneficiaries are very closely in accord with the per capita income of the States. To my mind, the list shows that, so far as the States have been able to pay, they are paying; and there is no question in my mind, in view of the sentiment throughout the country today on this question that when the States are able to pay they are willing to pay for this particular cause.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. BYRNES. I yield to the Senator from Virginia.

Mr. BYRD. To revert to Illinois, the per capita income, to which the Senator has referred, is in that State considerably above the average. I ask the Senator if he thinks \$9.50 is all that Illinois could contribute to the aged persons of that State, and all that she should be expected to contribute. The figures which I obtained from the Department of Commerce show that the average per capita income in Illinois is \$596, and the average for the country is \$515.

Mr. BYRNES. Mr. President, I have said and I will repeat to the Senator from Virginia that I see that he and I are never going to agree on these figures. He doubtless will have a chance to address the Senate on the subject, and he can put into the RECORD the figures he has. I have put into the RECORD the figures which have been furnished me. The Senate may read them, and, as usual, they will have to do what I have had to do—take the figures that they like better.

Mr. BYRD. Mr. President, the Senator has not answered my question. Does he think the great, rich State of Illinois has reached the maximum amount it can pay to its old-age pensioners?

Mr. BYRNES. Mr. President, I do not know the conditions existing in the State of Illinois. I should not want to express an opinion on the basis of the list. Before the Appropriations Committee I heard many statements made in behalf of the people of Illinois. I do not know the conditions. The Senator himself will have to answer that question, because I cannot answer it for him any better than I have done.

Mr. President, the list shows that not only Illinois but the other States of the Union are not contributing the maximum.

Then I ask the Senate, Is it right, is it fair, to say to the old people of the country, "We want to show you what we are going to do for you; we will increase the amount of your monthly payment from \$30 to \$40," and let every old man and old woman sit down at home and read about the passage of this bill, and think \$40 is coming to them, and await the receipt of the \$40? They will wait a long time, judging from the action of the various States of the Union.

I know what has happened to the States, and every Member of the Senate knows. Gradually, the Federal Government has usurped the field of taxation, and has left to the States relatively few taxes. In most States what is left consists of taxes upon real estate. There comes a time when the farm and the home can no longer be taxed sufficiently to raise enough money to match the \$20 which is offered by the United States Government. We may go home and say, "We offered on the part of the Federal Government to give you \$20; it is not our fault that you have not got it, and that you are getting only \$8 or \$10"; but somebody is going to understand the situation. The situation is that instead of saying \$40 we might as well say \$400, for the beneficiaries would come just as near getting \$400 as most of the States of the Union are going to be able to pay \$40.

We can do a practical thing. We can adopt this amendment, and at least insure that in the States there will be paid an average of \$15. That is the average. A State may pay one individual \$20, and it may pay another individual \$15. The individual receiving \$15 may have a son who can contribute to some extent to his assistance, and the other individual may not, and he will get \$20; but the payments will average \$15, and if the average is \$15 all that the Federal Government pays in addition to the present amount is \$2.50 per man or per woman on this list. I submit that it is not an unreasonable thing to ask, and it will make the States of the Union contribute something approaching an adequate amount.

Mr. CONNALLY obtained the floor.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. MILLER. I do not desire to occupy the time of the Senator from Texas, nor to speak unduly within his time; but since the State from which I come occupies the position that it does in reference to the payment of old-age pensions, I feel that it is incumbent on me to say a few words.

I should be the last man in the Senate to destroy State responsibility for old-age pensions. I do not agree with the group who think that the obligation should be assumed entirely by the Federal Government. I think the State owes an obligation to its citizens which it should discharge. I do not want to destroy State responsibility. But in States like Arkansas—and this is not a pleasant thing for me to say, it is not a source of gratification—the people who are qualified under the State law and in accordance with the Federal law have been receiving pensions of approximately \$6.15 a month. If, as the Senator from South Carolina has so well said, this is a Federal responsibility, I merely wish to submit the one proposition to the Senate, that those people are just as much citizens of the United States as are the citizens of any other State, and contribute as much in proportion to their financial ability to the upkeep and to the maintenance of the Federal Government. Then the responsibility of the Federal Government likewise ought to be discharged in Arkansas in the same proportion as it is discharged in other States.

The amendment offered by the Senator from South Carolina, in my opinion, was more just than the pending amendment, but the pending amendment will go a long way toward destroying the inequality which exists among citizens of the United States.

Mr. VANDENBERG. Mr. President, will the Senator from Texas yield so that I may ask the Senator from Arkansas a question?

Mr. CONNALLY. I yield.

Mr. VANDENBERG. What is the experience of the Senator's State in matching other funds that are on a 50-50 basis? Is the Senator's State meeting the other invitations from the Federal Government in full?

Mr. MILLER. Not to the extent of one dime. Every dime that has been spent in Arkansas during the last 7 years in the construction of roads has been Federal money. Today we owe \$144,000,000 in road bonds. There is not a single fund from the Federal Government that is being matched as we would like to match it in Arkansas.

Mr. VANDENBERG. Would the Senator say that the same argument would apply to changing the basis of matching, for instance, in connection with roads?

Mr. MILLER. I think so.

Mr. VANDENBERG. In other words, if we are changing, are we not setting the precedent for a complete change?

Mr. MILLER. I think the Committee on Unemployment suggested the best solution of the problem; that is, handling it on a variable basis, depending upon the per capita income in the various States.

I beg the pardon of the Senator from Texas, because I do not want to monopolize his time, and I am not going to take the time of the Senate to discuss the position my State occupies, but I wish to submit this one proposition, that the Federal Government, if it owes its citizens anything, owes them a semblance of equality.

I thank the Senator from Texas.

Mr. HATCH. Mr. President, will the Senator from Texas yield?

Mr. CONNALLY. I yield.

Mr. HATCH. I have been unavoidably detained from the Chamber, and I do not know what amendment is being considered. I merely wish to ask the Senator from Texas whether the amendment he proposed to offer is now being discussed.

Mr. CONNALLY. It is. I wish to thank very deeply the Senator from South Carolina [Mr. BYRNES], who has made such a valuable contribution to the discussion. I wish to say that the Committee on Unemployment, of which he is chairman, has made an exhaustive study of the question involved. The Senator's original amendment had much appeal and a great deal of merit.

My reason for offering the amendment in the form in which it is now presented, containing a definite percentage, was because of the variable factors, and the guesses and estimates which would have to be resorted to under the amendment of the Senator from South Carolina. Some actuary of the department each year would have to determine, not from accurate data, but from his imagination, frequently, the relative incomes of the people in the different States, and we would always have a considerable discussion on the floor of the Senate along those lines. So I concluded that it would probably be administratively better to have a definite ratio. I wish to thank the Senator from Arkansas for his statement along the same line.

Mr. President, why did we ever pass an old-age pension law? What business is it of the Federal Government? Why should not the States attend to that? Why should they not determine how much they will pay their old people? What business has the Federal Government in this problem at all?

I do not suppose there was a single State in the Union which had an old-age pension system before the Federal Government first came forward and said, in effect, "You ought to have one, and we are going to make you have one by adopting a Federal old-age pension system; and if we cannot persuade you to do likewise, we are going to offer you a little inducement."

A Senator sitting near me says "bribery." Well, call it bribery. That is the point I am trying to make. The Federal Government had to determine the best policy under which to put the system into effect, and if it could not persuade them, it would toll them by saying "You see this money. You will get some of it if you will come in. If you do not come in, you will not get any."

The point I am trying to drive home is that the Federal Government is responsible for this system. The Federal Government decreed that the policy of giving something to dependent aged persons in the United States should come into existence.

Why did we do that? Did we have any obligation to do it? It is said, "Yes, the Federal Government owes an obligation to all of the aged people who are dependent, who are in need. It owes them the duty of seeing that they get something toward relieving their need."

Very well. Where are these citizens? They are not all in Washington; they are not all in the Senate; they are not all in the House of Representatives. They are scattered throughout 48 States of the Union. They are all the same kind of citizens. They are all in need. They are all sovereigns in some State, in some Commonwealth.

What would we think of a government which said, "Well, now, there is a good citizen down in Arkansas who is in need. The Federal Government owes him something. But how much does it owe him? It owes him only \$3.08. There is another citizen in California in need. How much does the Federal Government owe him? It owes him \$15." He is the same kind of a citizen, in the same condition, in the same country, under the same flag. But we give one of these citizens, the one in Arkansas, just \$3.08, and the other one, in California, \$15. Is that right?

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. SCHWELLENBACH. Is there not another possible implication, that if this continues indefinitely there will be an attraction to the States which are able now to pay more; that ultimately a larger burden will be placed upon them; and that then the possibility will arise that those States which are now able to pay more will not be able to pay the amount they are now paying? Thus an additional responsibility will be placed upon the States which are able at the present time to pay more?

Mr. CONNALLY. I thank the Senator. I can well envisage that if California, with all its other attractions, had a generous old-age assistance law, it would catch the old as it now catches the young.

Mr. LEE. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. LEE. Would the Senator's amendment completely correct that situation, or merely help to correct it?

Mr. CONNALLY. I do not think it would completely meet it. I do not think it would solve it entirely.

Mr. LEE. It would help?

Mr. CONNALLY. It would help, of course. It would help the very lowest ones, the ones at the bottom, where the need is the greatest. After a pension gets as high as \$15, then the State and the Federal Government, under the amendment which I have offered, would share the burden equally.

Mr. LEE. If the situation is to be completely corrected, the pension will have to be paid by the Federal Government without regard to the States matching at all, will it not?

Mr. CONNALLY. Not necessarily. I do not agree to that. I doubt whether the country would stand for that. I do not believe that would be quite right, because we let the States administer the law in the first place. If a State is going to administer the law and is going to specify the recipient of the fund, it ought to have some financial responsibility, because it is much easier to divide other people's money than one's own. So, I think the State ought to be forced to contribute, and thereby have a feeling of financial responsibility.

What would Senators think of a pension law, not an old-age-pension law, especially, but any kind of a pension law—a military-pension law, for instance, for men who are in the service—if we should say, "We are going to give pensions to deserving soldiers, whether they fought or whether they stayed at home, but if one of them lives in Arkansas he is going to get \$3.08, but another soldier who lives in California will get \$15"? Would Senators vote for such a measure? Would they say that simply because a soldier happens to live in Colorado he should receive \$12 out of the Federal Treasury in the form of a pension, when another soldier who had stood by his side in battle ranks, and who now

lives in Arkansas, would get \$3.08? That is the question involved.

I will say to the Senator from Oklahoma [Mr. LEE] that the amendment is in conformity with the original spirit of the law, because our theory was that we would persuade the States, we would induce them, we would coax them to adopt a policy which they have never heretofore adopted of their own motion, and so by making provision for the payment of two-thirds, up to \$15, we are helping States such as Arkansas. Arkansas pays only \$3.08 now. If the amendment is adopted Arkansas will pay \$5, if they have to go out and hijack the taxpayers to get it, because those who run for office, those who run for governor or other offices there will very wisely conclude, "We can raise it to as much as \$5 because we will then get a larger amount." I do no violence to my own opinions or views when I say that the policy of this law is to coerce, to coax, to persuade the States, to influence them, to bring them to a state of mind, whatever one may want to call it. That is what this law was passed for. Why? Because up to the time this law was enacted no State, so far as I know, had an old-age-pension system. If there was any State which had one I should like to be corrected. No Senator answers.

Mr. SCHWELLENBACH. The State of Washington did have.

Mr. CONNALLY. May I ask the Senator how much it paid?

Mr. SCHWELLENBACH. It did not pay very much. The State law was enacted in 1933, prior to the time the Federal law was enacted.

Mr. CONNALLY. It did not operate very long?

Mr. SCHWELLENBACH. No. And I will say that probably it was in contemplation that the Federal Government would later adopt such a law.

Mr. CONNALLY. I knew that the State of Washington was enterprising. It saw what was coming, and it beat the Federal Government to the gun by a few months. Be that as it may, I still will let my statement stand, because the system had not begun to operate well before the Federal Government entered the field. But, by and large, the Federal Government is entirely responsible for the States adopting the system of old-age pensions. If we have an adequate sense of our obligations, if we have sufficient sense of duty to the citizens to pass this law, and to appropriate the millions of dollars which we have been appropriating, and to coerce the States into appropriating an equal number of millions of dollars, why should we let the States dominate the entire system? That is what we are doing. We are saying to the State, "We will only pay to your needy what you pay them." Do not we owe any duty to the needy man himself? And if we owe him any duty, it is not dependent on what the State does for him. If the Federal Government owes the citizen an obligation, it owes it to him directly. The Federal Government does not operate through the State government, but every responsibility of the Federal Government to the citizen is direct. Every duty that a citizen owes to the Federal Government is direct. It does not pass through the State.

The duty that I owe my Government in time of war does not go through any State. It is due to the Federal Government. There are two sovereignties, each operating over the same territory at the same moment, and the citizen is a dual citizen. He is not simply a citizen of California, but he is a citizen of California and also a citizen of the United States, and what he owes unto the Federal Government he must pay to the Federal Government. We do not pay taxes to the State and then have the State contribute those taxes to the Federal Government. Whenever a citizen pays a Federal tax he pays it directly to the Federal Government, and he pays his other taxes to the State government, and the reverse of that proposition is just as sound today as the day when the Constitution was ratified by the first nine States of the original Union.

Whatever duty the Federal Government owes to a citizen it owes to him not because he happens to be a citizen of a State but because he is a citizen of the United States, and

it has no right to shirk its responsibility and say, "Because you belong in this State the measure of our Federal duty to you, the measure of our Federal obligation, will not be a measure that we set, but it will be a measure that your State sets, and if your State is unfair to you, if it is unable to raise the money, if it is not sufficiently wise to raise an adequate amount, neither will the Federal Government do justice to you. If your State is unfair to you, if it is indifferent to your wants and your needs, the Federal Government will copy the State in that respect, and we will be indifferent also." If that is to be the Federal attitude, why did we ever pass the original bill?

Mr. BYRD. Mr. President, will the Senator yield?

Mr. CONNALLY. I will yield in just a moment. If we wanted the States to do as they saw fit about old-age pensions and determine how much they would give, why did we not let the matter alone, and let each State raise the question and decide it for itself?

I now yield to the Senator from Virginia.

Mr. BYRD. If the old-age pension is considered to be unjust by the people living in the States, do they not have the power to elect to office those who will treat them justly?

Mr. CONNALLY. In theory that is fine. I will say to the Senator from Virginia that I am not trying to agitate. God knows there is already sufficient agitation about old-age pensions. The amendment I am now discussing is most moderate. I am not in favor of unloading all this obligation on the Federal Government. The Senator from Virginia heard me say that so long as the States are going to administer the system they ought to make some contribution of a financial character, and ought to feel the reins of authority and the bonds of responsibility.

The Senator from Virginia quoted statistics with reference to Illinois. I am not particularly concerned about Illinois, but if Illinois is rich and able to pay old-age pensions and does not pay enough, if an increased amount comes out of the Federal Treasury, Illinois will be benefited by that much. If it has such a high income, if it is so rich, then the Federal Government will reach in and get a little more of the money of Illinois and pay it to the people who need it.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. HATCH. I was going to suggest to the Senator with respect to the discussion of the unfairness of individual States to their citizens, that I happen to come from one of the poorer States, a State whose old people receive but little in the way of old-age assistance. That is not due to any unfair attitude on the part of the State officials.

Mr. CONNALLY. No. Let me say to the Senator that some of my deductions were, of course, hypothetical.

Mr. HATCH. Yes; I understand that perfectly. But I merely wanted to put in the Record that, at least so far as my State is concerned, the small payments are due simply to the fact that the State is unable to make larger payments. Should the people in New Mexico be discriminated against because of the poverty of the State? That is the situation.

Mr. CONNALLY. I thank the Senator. I think the Senator from New Mexico has put his finger right squarely on the most delicate and sensitive spot in the whole problem.

The Senator from Virginia talked about the great State of Illinois being rich, and that it ought to contribute more to old-age pensions. That is probably true. Who made the State of Illinois rich? Did it come from within the city limits of Chicago? Was the wealth that is in Illinois produced there? Every time a brakeman uncoupled a train in New Mexico or Arizona on one of the transcontinental lines, he was contributing to the wealth of Chicago by making it possible to concentrate there the great industries and the great financial and commercial activities which made Chicago the second city of the Nation. And ought not Chicago to pay something to help those who have helped make her rich?

Mention is made of New York. New York would still be the village that old Peter Minuit bought from the Indians for \$24 if it had not been for people all over these United

States who from their own activities and their own industries poured a great stream of wealth into New York.

In the old days everyone who took out a small life-insurance policy cut a few years off his life and gave them to those in New York who owned the life-insurance company. That happened all over the Nation. If one traced the interest paid on money borrowed at the little country bank one would find that a great deal of it went to New York, to the big bank, from that little bank which borrowed the money to loan to persons in my State and, Mr. President, in your State. And when people in my State and people in your State were paying 10 percent and 12 percent, the favored interests in the great cities were getting their money for 3 percent, 4 percent, and 5 percent.

The Senator from New Mexico put it vividly. There are many States in the Union which are poor. Take New Mexico. Let us say a road 10 miles or 20 miles long is to be built. Relatively there are very few people on the highway, very few people to maintain it. A highway in New York of the same length would reach 10 times or 100 times as many people who would use it, and yet it costs just as much, and perhaps more, to build a road in New Mexico than it does in New York.

Mr. ANDREWS rose.

Mr. CONNALLY. Mr. President, does the Senator wish me to yield?

Mr. ANDREWS. Mr. President, I wish to inquire if the Senator is now yielding the floor.

Mr. CONNALLY. No; I am not yielding the floor. I shall be glad to yield to the Senator. I have not quite concluded. I shall be glad to have the Senator interrupt me if he so desires. I probably shall conclude at 5 o'clock.

Mr. ANDREWS. I should like to interrupt the Senator for a few minutes.

Mr. CONNALLY. I shall be very glad to be interrupted by the Senator from Florida, because I am sure he is in sympathy with the amendment.

Mr. ANDREWS. It is my purpose to show that one department of the Government, which has to deliberate carefully on all questions of fact and law, has determined that old-age assistance and old-age pensions are a national obligation, and not a local one. The direct question at issue was title II of the Social Security Act, which provides for Federal old-age benefits. The case was that of *Helvering v. Davis* (301 U. S., 640). I should like to quote from the opinion in order to show that the highest authority in the country has determined the question.

The Supreme Court, in an opinion written by the late Justice Cardozo and concurred in by six Justices of the United States Supreme Court—all except Justices McReynolds and Butler—said:

The purge of Nation-wide calamity that began in 1929 has taught us many lessons. Not the least is the solidarity of interests that may once have seemed to be divided. Unemployment spreads from State to State, the hinterland now settled that in pioneer days gave an avenue of escape. * * * Spreading from State to State, unemployment is an ill not particular but general, which may be checked, if Congress so determines, by the resources of the Nation. If this can have been doubtful until now, our ruling today in the case of the *Chas. C. Steward Mach. Co.* (301, U. S. 548, ante, 1279, 57 S. Ct. 883, 109 A. L. R. 1293, supra), has set the doubt at rest. But the ill is all one or at least not greatly different whether men are thrown out of work because there is no longer work to do or because the disabilities of age make them incapable of doing it. Rescue becomes necessary irrespective of the cause. The hope behind this statute is to save men and women from the rigors of the poorhouse as well as from the haunting fear that such a lot awaits them when journey's end is near.

Congress did not improvise a judgment when it found that the award of old-age benefits would be conducive to the general welfare. The President's Committee on Economic Security made an investigation and report, aided by a research staff of Government officers and employees, and by an advisory council and several other advisory groups. Extensive hearings followed before the House Committee on Ways and Means and the Senate Committee on Finance. A great mass of evidence was brought together supporting the policy which finds expression in the act. Among the relevant facts are these: The number of persons in the United States 65 years of age or over is increasing proportionately as well as absolutely. What is even more important, the number of such persons unable to take care of themselves is growing

at a threatening pace. More and more our population is becoming urban and industrial instead of rural and agricultural. The evidence is impressive that among industrial workers the younger men and women are preferred over the older. In times of retrenchment the older are commonly the first to go, and even if retained, their wages are likely to be lowered. The plight of men and women at so low an age as 40 is hard, almost hopeless, when they are driven to seek for reemployment. Statistics are in the brief. A few illustrations will be chosen from many there collected. In 1930, out of 224 American factories investigated, 71, or almost one-third, had fixed maximum hiring-age limits; in 4 plants the limit was under 40, in 41 it was under 46. In the other 153 plants there were no fixed limits, but in practice few were hired if they were over 50 years of age. With the loss of savings inevitable in periods of idleness, the fate of workers over 65, when thrown out of work, is little less than desperate. A recent study of the Social Security Board informs us that "one-fifth of the aged in the United States were receiving old-age assistance, emergency relief, institutional care, employment under the Works Program, or some other form of aid from public or private funds; two-fifths to one-half were dependent on friends and relatives; one-eighth had some income from earnings; and possibly one-sixth had some savings or property. Approximately three out of four persons 65 or over were probably dependent wholly or partially on others for support." We summarize in the margin the results of other studies by State and national commissions. They point the same way.

The problem is plainly national in area and dimensions.

That is one point I wish to bring out.

Moreover, laws of the separate States cannot deal with it effectively.

That is another point I wish to bring out.

Congress at least had a basis for that belief. States and local governments are often lacking in the resources that are necessary to finance an adequate program of security for the aged.

That is exactly the point the Senator from Texas [Mr. CONNALLY] is making.

This is brought out with a wealth of illustration in recent studies of the problem. Apart from the failure of resources, States and local governments are at times reluctant to increase so heavily the burden of taxation to be borne by their residents for fear of placing themselves in a position of economic disadvantage as compared with neighbors or competitors. We have seen this in our study of the problem of unemployment compensation.

By the way, that is one of the strongest points, proving the statement that it is a national obligation.

* * * A system of old-age pensions has special dangers of its own, if put in force in one State and rejected in another. The existence of such a system is a bait to the needy and dependent elsewhere, encouraging them to migrate and seek a haven of repose.

That is exactly the situation we now face in the State of Florida. One hundred thousand elderly people migrated to Florida before the depression touched us. The depression caught them in Florida. They suddenly found that the coupons attached to their industrial and other bonds were worthless, and they themselves were cast out, to be taken care of by the public or allowed to suffer. They come from every State in the Union. They are part of the national problem which we are trying to help solve. The Supreme Court of the United States, in the opinion from which I have read, has held that the problem is national, and not local, and has given its reasons. Those reasons were arrived at deliberately, behind closed doors, where the Court had plenty of time to think over the problem and then lay down the policy.

We cannot escape the problem. We must face it.

Only a power that is national can serve the interests of all.

The opinion goes on and gives further reasons why the problem is a national one. I thank the Senator from Texas for permitting me to speak in his time.

Mr. CONNALLY. I am very glad indeed to have the Senator from Florida contribute to this discussion.

Mr. BARKLEY. Mr. President, is the Senator from Texas ready to suspend for the day, or does he wish to proceed at this time?

Mr. CONNALLY. I wish to be recognized when the Senate meets tomorrow. I am willing to have an armistice at this time.

The PRESIDING OFFICER. The Chair understands that upon the resumption of the session tomorrow the Senator from Texas will have the floor.

Mr. SHIPSTEAD. Mr. President, I ask unanimous consent to have printed in the RECORD at this point an amendment which I intend to offer tomorrow to the pending bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment intended to be proposed by Mr. SHIPSTEAD is as follows:

At the proper place in the bill insert the following new section:

"SEC. —. (a) On and after the date of enactment of this act the total amount of the stabilization fund established by section 10 of the Gold Reserve Act of 1934, as amended, shall not exceed \$500,000,000, and the balance of the sum of \$2,000,000,000 appropriated by such section for the purposes of such fund shall be set aside in a special account in the Treasury and used as a basis for the issuance of coins and currency in an equivalent amount. The coins or currency so issued shall be used to retire the special obligations of the United States which on the date of enactment of this act are held in the Federal Old-Age and Survivor Insurance Trust Fund, the Railroad Retirement Account, and the Unemployment Trust Fund. All amounts paid into such funds for the purpose of retiring such special obligations shall be available for the purchase at the market price of interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States, or for the acquisition of any such obligations on original issue at par.

"(b) Notwithstanding the provisions of section 7 of the Gold Reserve Act of 1934, as amended, in the event that the weight of the gold dollar shall at any time be further reduced after the date of enactment of this act, the resulting increase in value of the gold held by the United States (including the gold held as security for gold certificates and as a reserve for any United States notes and for Treasury notes of 1890) shall be credited to the account of the Federal Old-Age and Survivor Insurance Trust Fund and shall be available for the purposes of such fund.

"(c) All amounts hereafter retained as seigniorage upon the delivery of silver to the United States mints for coinage shall be credited to the account of the Federal Old-Age and Survivor Insurance Trust Fund and shall be available for the purposes of such fund.

"(d) The Secretary of the Treasury is hereby authorized to make such rules and regulations as may be necessary with respect to the issuance of coins and currency authorized by this section, and the retirement of the special obligations provided for by this section."

INTERPRETATION OF CONSTITUTIONAL PHRASE "ADVICE AND CONSENT OF THE SENATE"

Mr. KING. Mr. President, it will be recalled that during the consideration of the nomination of Hon. Floyd H. Roberts for a position as a Federal judge in the State of Virginia, the question was raised as to the interpretation to be placed upon that provision of the Constitution wherein it is stated that the President—

shall have power, by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur, and he shall nominate, and, by and with the advice and consent of the Senate, shall appoint Ambassadors, other public ministers and consuls, judges of the Supreme Court, and all other officers of the United States, whose appointments are not herein otherwise provided for, and which shall be established by law.

And so forth. As I understood the position taken by some was that the words "advice and consent" were used in a rather perfunctory way or, at any rate, accorded to the Senate an unimportant part in connection with the making and ratification of treaties and the appointment and confirmation of judges and other Federal officials. The thought, as I understood the position of some, was that the President's action in the matter of negotiating treaties and the naming of persons for positions, was not to be challenged; that the word "advice" had but little significance, and that the word "consent" implied prompt ratification of treaties and the approval of appointees. In other words, that the duty of the Senate was—unless some extraordinary conditions arose—to ratify treaties submitted by the President and to confirm Presidential appointees.

I entertained the view that a proper interpretation of the constitutional provision referred to accorded to the Senate a broader field of operation than that indicated. In other words, it was my opinion that the word "advice" contemplated that the Senate was not to act as a mere automaton but rather was to advise with the Chief Executive in connection with treaties and appointments, and that the word "consent" did not imply that the views of the Presi-

dent were to be conclusive, and called for acquiescence in Executive policies, or the negotiation of treaties upon the part of the Senate.

As Senators know the power of the Senate to modify the provisions of treaties and thereby participate directly in their formation was also recognized in the early days of the Republic. This fact was made clear in the relations between President Washington and the Senate and also in the message of President Adams to the Senate in 1801. President Adams stated:

I have considered the advice and consent of the Senate, to the ratification of the convention with France, under certain conditions. Although it would have been more conformable to my own judgment and inclination, to have agreed to that instrument unconditionally, yet, in this point, I found I had the misfortune to differ in opinion from so high a constitutional authority as the Senate, I judged it more consistent with the honor and interest of the United States to ratify it under the conditions prescribed, than not at all.

I shall not take the time of the Senate to refer to other instances indicating the interpretation which was placed at various times upon the constitutional provision referred to, by Presidents and the Senate.

I might add that there was no thought upon the part of President Washington of withholding information from the Senate in the case of nominations to offices any more than in the case of treaties. In other words, apparently the words "advice and consent" had the same connotation whether applied to the ratification of treaties or to the confirmation of Presidential appointees.

It is also clear from an examination of the CONGRESSIONAL RECORD that in some cases the Senate determined matters of policy in connection with appointments as well as in connection with treaty negotiations, and thereby decided the question of propriety on grounds other than the fitness of the particular nominees.

In view of the discussion which occurred in the Senate growing out of the nomination of Hon. Floyd H. Roberts to be United States district judge for the western district of Virginia, I requested Henry G. Wood, Esq., legislative counsel of the Senate, to make an examination of the records dealing with appointments to Federal offices and the making of treaties under the Constitution. As Senators know, Mr. Wood is an able lawyer, a painstaking investigator, and a man of high character. He has made a comprehensive study of this matter as it relates to appointments to Federal offices and the making of treaties under the Constitution, as they were developed in the Constitutional Convention of 1787 and as they were exercised during the early years of the Federal Government.

In my opinion it is only by referring to the historical background of these powers and the circumstances which led to the adoption of the advice and consent requirements of the Constitution that the respective roles of the Senate and the President can be viewed in their true light.

I am also in accord with the conclusion reached in the memorandum that the Senate was expected to take an active and affirmative part in the making of treaties and appointments and not to have a mere negative on the action of the President. This means in effect that the advice of the Senate, however given, is an integral and important element in the constitutional processes, and that when such advice is given it is not to be ignored or treated as a usurpation of Executive functions. The practice during the early years of the Republic supports this conclusion.

Mr. President, in view of the importance of the study which has been made by Mr. Wood, I ask the unanimous consent of the Senate to have the same printed as a Senate document.

The PRESIDING OFFICER. Is there objection? There being no objection, it is so ordered.

ANNUAL REGISTRATION OF MOTOR VEHICLES IN THE DISTRICT

The PRESIDING OFFICER laid before the Senate the amendments of the House to the bill (S. 1575) to provide that the annual registration of motor vehicles in the Dis-

trict of Columbia shall be for the period from April 1 in each year to March 31 in the succeeding year, which were, on page 2, after line 12 to insert:

SEC. 3. That subparagraphs (c) and (d) of paragraph 31 and paragraph 33 of an act entitled "An act to amend section 7 of an act entitled 'An act making appropriations to provide for the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes', approved July 1, 1902, and for other purposes", approved July 1, 1932, are amended to read as follows:

"(c) Owners of passenger vehicles for hire having a seating capacity of eight passengers or more, in addition to the driver or operator, other than those licensed in the preceding subparagraph, shall pay a license tax of \$100 per annum for each vehicle used. No such vehicle shall be operated unless there shall be conspicuously displayed therein a license issued under the terms of this subparagraph. Licenses issued under this subparagraph shall date from April 1 of each year, but may be issued on or after March 15 of such year: *Provided, however*, That all licenses issued for a period prior to April 1, 1940, shall expire on March 31, 1940, and the license fee therefor shall be prorated accordingly.

"(d) Owners of passenger vehicles for hire, whether operated from a private establishment or from public space, other than those licensed in the two preceding subparagraphs, shall pay a license tax of \$25 per annum for each such vehicle used in the conduct of their business. Stands for such vehicles upon public space, adjacent to hotels or otherwise, may be established in the manner provided in section 6 (e) of the act entitled 'An act to amend the acts approved March 3, 1925, and July 3, 1926, known as the District of Columbia Traffic Acts, and so forth.' The Public Utilities Commission is hereby authorized to make and enforce all such reasonable and usual police regulations as it may deem necessary for the proper conduct, control, and regulation of all vehicles described in this and the preceding subparagraphs and paragraph 33 hereof. Licenses issued under this subparagraph shall date from April 1 of each year, but may be issued on or after March 15 of such year: *Provided, however*, That all licenses issued for a period prior to April 1, 1940, shall expire on March 31, 1940, and the license fee therefor shall be prorated accordingly.

"PAR. 33. Owners of vehicles for hire, used in hauling goods, wares, or merchandise, and operating from public space, shall pay a license tax of \$25 per annum for each vehicle. Stands for such vehicles upon public space may be established in the manner provided in section 6 (e) of the act entitled 'An act to amend the acts approved March 3, 1925, and July 3, 1926, known as the District of Columbia Traffic Acts, and so forth.' Licenses issued under this subparagraph shall date from April 1 of each year but may be issued on or after March 15 of such year: *Provided, however*, That all licenses issued for a period prior to April 1, 1940, shall expire on March 31, 1940, and the license fee therefor shall be prorated accordingly."

"SEC. 4. That an act entitled 'An act to amend paragraphs 31 and 33 of an act entitled 'An act to amend section 7 of an act entitled 'An act making appropriations to provide for the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes', approved July 1, 1902, and for other purposes', approved July 1, 1932' (Public, No. 24, 76th Cong.), approved April 5, 1939, is hereby repealed."

And to amend the title so as to read:

An act to provide that the annual registration of motor vehicles and the annual licensing of certain public vehicles in the District of Columbia shall be for the period from April 1 in each year to March 31 in the succeeding year.

Mr. FRAZIER. Mr. President, my understanding is that these amendments were made by the House committee at the request of the District Commissioners. I think they are all right. I therefore move that the Senate concur in the amendments of the House.

The motion was agreed to.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. JOHNSON of Colorado in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably the nominations of sundry persons for appointment as Foreign Service officers, unclassified, vice consuls of career, and secretaries in the Diplomatic Service.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

He also, from the same committee, reported adversely, with the recommendation it be rejected, the nomination of Tony T. Turk to be postmaster at Falls Creek, Pa., in place of T. J. McCausland, deceased.

Mr. CONNALLY, from the Committee on the Judiciary, reported favorably the nomination of Elmer D. Davies, of Tennessee, to be United States district judge for the middle district of Tennessee, vice John J. Gore, deceased.

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of Paul V. McNutt, of Indiana, to be Federal Security Administrator.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the nominations on the calendar.

THE JUDICIARY

The legislative clerk read the nomination of Sam E. Whitaker to be judge of the United States Court of Claims.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Martin I. Welsh to be United States district judge for the northern district of California.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Armond W. Scott to be judge of the Municipal Court of the District of Columbia.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Edward L. Burke to be United States marshal for the district of Vermont.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

IN THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. SHEPPARD. I ask that the Army nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the Army nominations are confirmed en bloc.

IN THE NAVY

The legislative clerk proceeded to read sundry nominations in the Navy.

Mr. BARKLEY. I ask unanimous consent that the nominations in the Navy be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the Navy are confirmed en bloc.

That completes the calendar.

LEGISLATIVE SESSION

Mr. BARKLEY. I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

DEATH OF REPRESENTATIVE McREYNOLDS, OF TENNESSEE

The PRESIDING OFFICER laid before the Senate the resolution of the House of Representatives (H. Res. 254) adopted on the occasion of the death of Hon. SAM D. McREYNOLDS, late a Representative from the State of Tennessee, which was read, as follows:

IN THE HOUSE REPRESENTATIVES,

July 11, 1939.

Resolved, That the House has heard with profound sorrow of the death of the Honorable SAM D. McREYNOLDS, a Representative from the State of Tennessee.

Resolved, That a committee of 15 Members of the House with such Members of the Senate as may be joined be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provision of these resolutions and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect the House do now adjourn.

Mr. McKELLAR. Mr. President, I submit a resolution which I send to the desk, and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The resolution will be read. The resolution (S. Res. 159) was read, considered by unanimous consent, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. SAM D. McREYNOLDS, late a Representative from the State of Tennessee.

Resolved, That a committee of six Senators be appointed by the Presiding Officer to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Under the second resolving clause of the resolution, the Presiding Officer appointed Mr. McKELLAR, Mr. STEWART, Mr. CONNALLY, Mr. RUSSELL, Mr. BURKE, and Mr. MILLER, the committee on the part of the Senate.

Mr. McKELLAR. Mr. President, as a further mark of respect to the memory of the late distinguished Representative from my State, I move that the Senate now take a recess until 12 o'clock noon tomorrow.

The motion was unanimously agreed to; and (at 5 o'clock and 10 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, July 12, 1939, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate July 11 (legislative day of July 10), 1939

ASSISTANT ATTORNEY GENERAL

Samuel O. Clark, Jr., of Connecticut, to be Assistant Attorney General in charge of the Tax Division of the Department of Justice, vice James W. Morris, resigned.

FEDERAL SECURITY ADMINISTRATOR

Paul V. McNutt, of Indiana, to be Federal Security Administrator.

UNITED STATES MARSHALS

Benjamin J. McKinney, of Arizona, to be United States marshal for the district of Arizona. (He is now serving in this office under an appointment which expired July 1, 1939.)

Emil J. Adam, Sr., of Mississippi, to be United States marshal for the southern district of Mississippi. (He is now serving under a recess appointment.)

Robert W. Rabb, of Pennsylvania, to be United States marshal for the middle district of Pennsylvania. (Mr. Rabb is now serving in this office under an appointment which expired May 17, 1939.)

PROMOTIONS IN THE NAVY

The following-named captains to be rear admirals in the Navy, to rank from the 1st day of July 1939:

Leigh Noyes

William A. Glassford, Jr.

The following-named commanders to be captains in the Navy, to rank from the date stated opposite their names:

Lewis W. Comstock, February 13, 1939.

Thomas S. King, 2d, April 1, 1939.

The following-named commanders to be captains in the Navy, to rank from the 1st day of July 1939:

Ralph F. Wood	Howard H. Good
George A. Rood	Ernest G. Small
John W. Gates	Thomas L. Gatch
Van Leer Kirkman	Harry G. Patrick
Robert P. Molten	Andrew C. Bennett
George D. Murray	Harold Dodd
Robert H. English	Mahlon S. Tisdale
George J. McMillin	George H. Fort
Howard F. Kingman	Robert R. Thompson
William M. Quigley	Elliott Buckmaster
Calvin H. Cobb	Walter S. DeLany
Norman Scott	Emory P. Eldredge
Donald C. Godwin	Donald F. Patterson
Garland Fulton	Louis E. Denfeld
Charles H. McMorris	Stephan B. Robinson
Morton L. Deyo	Charles P. Mason
Ernest M. Pace, Jr.	

The following-named lieutenant commanders to be commanders in the Navy to rank from the date stated opposite their names:

Harry R. Thurber, October 1, 1938.

William H. Mays, February 13, 1939.

Paul H. Talbot, June 1, 1939.

George W. Brashears, Jr., June 1, 1939.

The following-named lieutenant commanders to be commanders in the Navy to rank from the 1st day of July 1939:

Harold M. Martin	Virgil E. Korns
John R. Redman	Allen P. Mullinnix
John E. Dingwell	William B. Goggins
Leslie E. Gehres	Edmund T. Wooldridge
Donald McA. Mackey	Charles B. Momsen
Hubert K. Stubbs	Lemuel P. Padgett, Jr.
William N. Thornton	Ernest W. Litch
Charles R. Will	Felix L. Johnson
Myron T. Richardson	Marcy M. Dupre, Jr.
John F. Wegforth	Edgar P. Kranzfelder
William B. Coleman	Norman R. Hitchcock
Harold J. Walker	Donald R. Osborn, Jr.
James H. Foskett	Richard S. Morse
Harold R. Holcomb	John Perry
Lloyd Harrison	Felix L. Baker
Lisle J. Maxson	Oberlin C. Laird
Thomas H. Robbins, Jr.	Thomas S. Combs
William M. Moses	Leo B. Schulten
Roscoe H. Hillenkoetter	Hugh E. Haven
Horatio G. Sickel, 4th	George P. Kraker
Raymond W. Holsinger	Delmer S. Fahrney
William Sinton	Herbert G. Hopwood

The following-named lieutenants to be lieutenant commanders in the Navy, to rank from the date stated opposite their names:

William C. Cross, June 23, 1938.

Donald F. McLean, October 1, 1938.

The following-named lieutenants to be lieutenant commanders in the Navy, to rank from the 1st day of July 1939:

Ethelbert Watts	Charles C. McDonald
Louis D. Sharp, Jr.	Edgar T. Neale
William H. Duvall	Albert N. Perkins
Charles M. E. Hoffman	Rufus C. Young, Jr.
Minor C. Heine	James B. Hogle
Donald J. Ramsey	John B. Rooney
Henry E. Richter	Frederick J. Bell
Frank E. Deam	Max C. Stormes
Edward P. Creehan	Richard F. Johnson
Leon W. Johnson	Henry W. Goodall
Howard V. Hopkins	Glenn R. Hartwig
Harry Burris	Harry B. Temple
Richard C. Webb, Jr.	William L. Erdmann
Joseph S. Lillard	Wilfred E. Lankenau
Arthur D. Barnes	John C. Waldron
Harrison B. Southworth	Arthur M. Townsend
Thomas E. Fraser	Raymond R. Waller
Edwin J. Taylor, Jr.	George Edmund Peterson

Warren R. Hastings
Charles R. Hoffecker
Rudolph P. Bielka
Maxemillian B. De Leske
Thomas O. Brandon
Roger K. Hodsdon
Howard L. Clark
Terence W. Greene
Ernest V. Abrams
Andrew M. Harvey
Ashton B. Smith
Chester C. Farmer
Wallace H. Gregg
Samuel S. Fried
Joseph A. Guard
Howard W. Bradbury
James B. Bliss
Lannis A. Parker
Elijah W. Irish
Burton L. Doggett
Lewis E. Coley
Joseph W. Adams, Jr.
Henry T. Read
Samuel G. Kelly
Clarence L. Winecoff
Charles J. Stuart
Bromfield B. Nichol
Henry C. Doan
Francis H. Gardner
Joseph M. Worthington
Charles L. Lee
Noble W. Abrahams
Arthur C. Wood
William H. Benson
John H. Sides
Charles H. Anderson, Jr.
Arthur C. Smith
Frederick O. Goldsmith
Orrin R. Hewitt
John P. Millon
Abram L. Broughton
William Klaus
John F. P. Miller
Kenneth F. Horne
Loar Mansbach
Clarence A. Hawkins
James F. Cooper
Harold Bye
Mauritz M. Nelson
Percy S. Hogarth
Walter E. Holden
Harry A. Mewshaw
Chris Halverson
Frederick J. Silvernail
Ira W. Truitt
Clifford B. Schiano
Elder P. Johnson
Harold J. Bellingham
John E. Gabrielson
George C. Weldin
Walter O. Roenicke
John W. Marts, Jr.
Samuel W. Canan
Eugene W. Kiefer
Frank W. Schmidt
Barnett T. Talbott
Frank C. L. Dettmann
Edward H. McMenemy
Ellsworth D. McEathron
Earl R. DeLong
Oliver W. Gaines
William A. Swanston
Norman B. Hopkins
Charles Wilkes
Francis W. Beard
Samuel Gregory

Ralph P. Noisat
Frank A. Davis
Joseph W. Long
John E. Beck
Warren K. Sherman
Samuel E. Kenney
William G. Buch
Linfield L. Hunt
Rufus G. Thayer
DeLong Mills
Edmund Kirby-Smith, Jr.
Francis J. Firth
John F. Madden
Angus M. Cohan
Lamar M. Wise
Oral R. Swigart
Preston S. Tembling
Arthur A. Clarkson
Joyce C. Cawthon
Ellwood E. Burgess
Douglas P. Stickley
Charles M. Furlow, Jr.
Herbert E. Berger
Luther B. Stuart
Albert E. Chapman
Warren S. Parr
Frederick K. McElroy
George K. Hodgkiss
John C. Goodnough
John C. McCutchen
Harold Doe
Harold H. Connelley
Robert A. MacKerracher
John E. Shomier, Jr.
Joseph E. M. Wood
Matthew L. Kelly
Joseph H. Foley
William A. Fly
Edward R. Sperry
Charles A. Parker
John R. McKinney
Victor B. Tate
John P. B. Barrett
Edward F. Crowe
Elmer E. Berthold
Francis J. Grandfield
William C. France
Ezra M. Ellis
Roger E. Perry
Sumner K. MacLean
Paul Graf
Thomas A. Huckins
Forrest R. Bunker
Charles A. Legg
Herbert K. Gates
Jose M. Cabanillas
Carl E. Cullen
Colby G. Rucker
Roy D. Williams
John A. Holbrook
William R. McCaleb
Archibald G. W. McFadden
Douglas T. Day, Jr.
William V. Deutermann
Joseph W. Fowler
Hugh B. McLean
William A. Evans, Jr.
Richard S. Moss
Frederick J. Ilsemann
James R. Topper
Richard S. Baron
Robert S. Bertschy
Joseph A. Farrell, Jr.
Joshua C. Shively
Arthur B. Dickie
Sidney King

Teodoric C. Linthicum
Clifton G. Grimes
Dundas P. Tucker
Frederick K. Loomis
John W. Murphy, Jr.
Edward N. Parker
Stanley P. Moseley

Edward K. Walker
Richard A. Larkin
Edmund B. Taylor
Philip D. Compton
James S. Smith, Jr.
David R. Hull

The following-named lieutenants (junior grade) to be lieutenants in the Navy, to rank from the date stated opposite their names:

Maxim W. Firth, October 1, 1938.
Willis M. Thomas, November 1, 1938.
Clifford T. Janz, January 1, 1939.
Frederick U. Weir, March 28, 1939.
George E. Peckham, May 1, 1939.

The following-named ensigns to be lieutenants (junior grade) in the Navy, to rank from the 4th day of June 1939:

Floyd T. Thompson	Malcolm C. McGrath
George W. Grider	Porter W. Maxwell
Herbert von A. Burkart	Robert F. Kelly
Joseph A. Coppola	Billy Johnson

Lt. Comdr. Giles E. Short to be a commander in the Navy, to rank from the 1st day of July 1939, to correct the date of rank as previously nominated and confirmed.

The following-named medical inspectors to be medical directors in the Navy, with the rank of captain, to rank from the 1st day of July 1939:

Clarence W. Ross	William H. Michael
Carleton I. Wood	Joel T. Boone
William W. Wickersham	Frederic L. Conklin

The following-named surgeons to be medical inspectors in the Navy, with the rank of commander, to rank from the 1st day of July 1939:

Charles F. Behrens	Loyd L. Edmisten
James J. O'Connor	Robert E. Duncan

The following-named passed assistant surgeons to be surgeons in the Navy, with the rank of lieutenant commander, to rank from the 1st day of July 1939:

Clarence C. Myers	Julian Love
Carl H. McMillan	Carl K. Youngkin
Emmett D. Hightower	Joseph G. Schnebly
Harold G. Young	Gordon B. Tayloe
Courtney G. Clegg	Clyde L. Bozarth
David J. Cracovaner	Charles W. Shilling
Jesse W. Miller	Farra L. Read
John L. Enyart	Clark W. Virtue
John H. Korb	Thomas J. Carter
Claude R. Ball	William E. Walsh
Cecil C. Welch	DeCoy Marchand

Dental Surgeon Alexander G. Lyle to be a Dental Surgeon in the Navy with the rank of captain to rank from the 1st day of July 1939.

The following-named paymasters to be pay inspectors in the Navy, with the rank of commander, to rank from the 1st day of July 1939:

Archie A. Antrim	Frank P. Delahanty
Robert R. Thompson	Worth B. Beacham
Harry G. Kinnard	John M. Speissegger
William E. McCain	Charles M. Garrison
Jacob H. Kyger	John H. Skillman
James H. Stevens	Charles W. Fox
Edward F. Ney	Cyrus B. Kitchen
George F. Yoran	Charles D. Kirk
Herman F. Gingrich	

The following-named passed assistant paymasters to be paymasters in the Navy, with the rank of lieutenant commander to rank from the 1st day of July 1939:

Malcolm A. Norcross	William L. Patten
Arnold R. Kline	James J. Cunningham
George M. Brydon, Jr.	

Naval Constructor Harold E. Saunders to be a naval constructor in the Navy, with the rank of captain, to rank from the 1st day of July 1939.

The following-named naval constructors to be naval constructors in the Navy, with the rank of commander, to rank from the 1st day of July 1939:

Joseph M. Kiernan	Horatio C. Sexton
Noah W. Gokey	Roy T. Cowdrey
Wesley M. Hague	Lawrence T. Haugen
Evander W. Sylvester	Paul B. Nibecker

The following-named assistant naval constructors to be naval constructors in the Navy, with the rank of lieutenant, to rank from the dates stated opposite their names:

John H. Spiller, September 1, 1934.
William W. Anderson, Jr., May 1, 1936.
James H. Rodgers, June 1, 1936.
Oscar Stiegler, June 1, 1936.
Francis X. Forest, June 1, 1936.
George C. Weaver, June 1, 1936.
William C. Sprenger, June 30, 1936.
Joseph L. Bird, June 30, 1936.
Edmund M. Ragsdale, June 30, 1936.

The following-named boatswains to be chief boatswains in the Navy, to rank with but after ensign from the date stated opposite their names:

Clyde B. Lee, June 15, 1939.
Lewis E. Tackette, June 15, 1939.
Henry O. Warren, July 2, 1939.

Electrician Adna R. Crawford to be a chief electrician in the Navy, to rank with but after ensign from the 24th day of July 1939.

Carpenter Adam Kutz to be a chief carpenter in the Navy, to rank with but after ensign from the 2d day of July 1939.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 11 (legislative day of July 10), 1939

JUDGE OF THE UNITED STATES COURT OF CLAIMS

Sam E. Whitaker to be judge of the United States Court of Claims.

JUDGE OF THE UNITED STATES DISTRICT COURT

Martin I. Welsh to be United States district judge for the northern district of California.

JUDGE OF THE MUNICIPAL COURT OF THE DISTRICT OF COLUMBIA

Armond W. Scott to be judge of the Municipal Court of the District of Columbia.

UNITED STATES MARSHAL

Edward L. Burke to be United States marshal for the district of Vermont.

APPOINTMENTS TO TEMPORARY RANK IN THE AIR CORPS IN THE REGULAR ARMY

Robert Kauch to be lieutenant colonel, Air Corps.
John Lamont Davidson to be major, Air Corps.

APPOINTMENTS BY TRANSFER IN THE REGULAR ARMY

Capt. Clifford Augustus Smith to Quartermaster Corps.
Capt. Samuel Roberts Browning to Field Artillery.

PROMOTIONS IN THE REGULAR ARMY

Durward Saunders Wilson to be colonel, Infantry.
Maurice Duncan Welty to be colonel, Infantry.
Frank Floyd Scowden to be colonel, Quartermaster Corps.
Charles Hines to be colonel, Coast Artillery Corps.
Jack Whitehead Heard to be colonel, Cavalry.
Walter Kilshaw Dunn to be colonel, Coast Artillery Corps.
Walter Hale Frank (brigadier general, wing commander), to be colonel, Air Corps.
Guy Woodman Chipman to be colonel, Cavalry.
Frederick Elwood Uhl to be colonel, Infantry.
Harvey Henry Fletcher to be colonel, Infantry.
John Frederick Landis to be colonel, Infantry.
Joseph Stephens Leonard to be colonel, Infantry.
John Arner Robenson to be colonel, Cavalry.
Joseph Page Aleshire to be colonel, Cavalry.
Oscar Wolverton Griswold to be colonel, Infantry.
Harding Polk to be colonel, Cavalry.

Robert Horace Dunlop to be colonel, Adjutant General's Department.

Emil Fred Reinhardt to be colonel, Infantry.

William Augustus Beach to be colonel, Adjutant General's Department.

John Thomas Hazelrigg O'Rear to be colonel, Coast Artillery Corps.

Ralph Edward Haines to be colonel, Coast Artillery Corps.

Thomas Hardaway Jones to be colonel, Coast Artillery Corps.

Laurence Watts to be colonel, Signal Corps.

Henry Newbold Sumner to be colonel, Adjutant General's Department.

Edward Roth, Jr., to be colonel, Adjutant General's Department.

Andres Lopez to be lieutenant colonel, Infantry.

Modesto Enrique Rodriguez to be lieutenant colonel, Infantry.

John Warlick McDonald to be lieutenant colonel, Cavalry.

Stuart Randall Carswell to be lieutenant colonel, Infantry.

David Hazen Blakelock to be lieutenant colonel, Cavalry.

John Oliver Hoskins to be lieutenant colonel, Field Artillery.

Rinaldo Louis Coe to be lieutenant colonel, Cavalry.

John Warren Cotton to be lieutenant colonel, Infantry.

William Clarke to be lieutenant colonel, Field Artillery.

Ira Benjamin Hill to be lieutenant colonel, Coast Artillery Corps.

Jay Kenneth Colwell to be lieutenant colonel, Cavalry.

Albert Russell Ives to be lieutenant colonel, Field Artillery.

Paul James Dowling to be lieutenant colonel, Infantry.

Otis Porter to be lieutenant colonel, Cavalry.

Hermann Charles Dempewolf to be lieutenant colonel, Infantry.

Berthold Vogel to be lieutenant colonel, Coast Artillery Corps.

Renn Lawrence to be lieutenant colonel, Cavalry.

John Richard Hermann to be lieutenant colonel, Infantry.

Raymond Holmes Bishop to be lieutenant colonel, Infantry.

James A. Summersett to be lieutenant colonel, Infantry.

Hugh Coskery Gilchrist to be lieutenant colonel, Infantry.

Joseph A. Sheridan to be lieutenant colonel, Field Artillery.

John Lenhart Rice to be lieutenant colonel, Cavalry.

Nelson Mark Imboden to be lieutenant colonel, Cavalry.

Willis Henry Hale to be lieutenant colonel, Air Corps (temporary lieutenant colonel, Air Corps).

William Powell Scobey to be lieutenant colonel, Infantry.

William Cheney Moore to be lieutenant colonel, Infantry.

Albion Smith to be lieutenant colonel, Field Artillery.

Wharton Girard Ingram to be lieutenant colonel, Cavalry.

Edwin Daviess Patrick to be lieutenant colonel, Infantry.

Herman Frederick Kramer to be lieutenant colonel, Infantry.

Clarence Paul Evers to be lieutenant colonel, Infantry.

Edward Scott Johnston to be lieutenant colonel, Infantry.

Hugh Chapman Minton to be lieutenant colonel, Ordnance Department.

Charles Wesley Gallaher to be lieutenant colonel, Field Artillery.

Adrian St. John to be lieutenant colonel, Chemical Warfare Service.

John Colford Daly to be lieutenant colonel, Cavalry.

Paul Everton Peabody to be lieutenant colonel, Infantry.

Albert Francis Christie to be lieutenant colonel, Infantry.

Robert McClean Carswell to be lieutenant colonel, Coast Artillery Corps.

Ernest Hill Burt to be lieutenant colonel, Judge Advocate General's Department.

Ray Milton O'Day to be lieutenant colonel, Infantry.

Stacy Knopf to be lieutenant colonel, Field Artillery.

James Madison Garrett, Jr., to be lieutenant colonel, Field Artillery.

Julian Wallace Cunningham to be lieutenant colonel, Cavalry.

Clarence Edward Cotter to be lieutenant colonel, Coast Artillery Corps.

Gordon Bennett Welch to be lieutenant colonel, Ordnance Department.

Edmund Bernard Edwards to be lieutenant colonel, Field Artillery.

Merritt Elijah Olmstead to be lieutenant colonel, Infantry.

Benjamin Franklin Caffey, Jr., to be lieutenant colonel, Infantry.

Augustine Joseph Zerbee to be lieutenant colonel, Field Artillery.

Frank August Heileman to be lieutenant colonel, Corps of Engineers.

John William Irwin to be major, Infantry.

Robert LeRoy Nesbit to be major, Infantry.

John Palmer Harris to be major, Ordnance Department.

Joseph Kahler Evans to be major, Infantry.

Fred Thomson Bass to be major, Corps of Engineers.

Rufus Alexander Byers to be major, Infantry.

Lawrence Haley Caruthers to be major, Field Artillery.

Frank LaRue to be major, Infantry.

Julian Dayton to be major, Infantry.

Michael Everett McHugo to be major, Air Corps (temporary major, Air Corps).

William Mason Wright, Jr., to be major, Field Artillery.

Philip Whalley Allison to be major, Field Artillery.

James Lionel Grisham to be major, Air Corps (temporary major, Air Corps).

Joseph Worthen Proctor to be major, Ordnance Department.

Earl Seeley Hoag to be major, Air Corps (temporary major, Air Corps).

Vincent James Meloy to be major, Air Corps (temporary major, Air Corps).

Charles Egbert Branshaw to be major, Air Corps (temporary major, Air Corps).

Edward Whiting Raley to be major, Air Corps (temporary major, Air Corps).

James Troy Hutchison to be major, Air Corps (temporary major, Air Corps).

Ivan Leon Foster to be major, Field Artillery.

Edwin Randolph Page to be major, Air Corps (temporary major, Air Corps).

Harvey Hodges Holland to be major, Air Corps (temporary major, Air Corps).

Russell Lowell Maughan to be major, Air Corps (temporary major, Air Corps).

Charles Emile Stafford to be major, Quartermaster Corps.

Oliver Perry Gothlin, Jr., to be major, Air Corps (temporary major, Air Corps).

Eugene Benjamin Bayley to be major, Air Corps (temporary major, Air Corps).

Dache McClain Reeves to be major, Air Corps (temporary major, Air Corps).

Leo Fred Post to be major, Air Corps (temporary major, Air Corps).

John Carroll Kennedy to be major, Air Corps (temporary major, Air Corps).

Oscar George Fegan to be major, Quartermaster Corps.

Thomas Jefferson Davis to be major, Adjutant General's Department.

Charles Summer Reed to be major, Ordnance Department.

Edmund Pendleton Gaines to be major, Air Corps (temporary major, Air Corps).

Harvey William Prosser to be major, Air Corps (temporary major, Air Corps).

Clayton Lawrence Bissell to be major, Air Corps (temporary major, Air Corps).

Horace Simpson Kenyon, Jr., to be major, Air Corps (temporary major, Air Corps).

Eugene Robert Cowles to be major, Infantry.

Philip Henry Kron to be major, Infantry.

Raymond Clair Hildreth to be major, Signal Corps, with rank from June 12, 1939.

David Emery Washburn to be major, Signal Corps, with rank from June 12, 1939.

John Francis Alcure to be major, Quartermaster Corps.
 Bernard Edward McKeever to be major, Quartermaster Corps.
 Wallace Marmaduke Allison to be major, Quartermaster Corps.
 William George Muller to be major, Infantry.
 Leland Charles Hurd to be major, Air Corps (temporary major, Air Corps).
 Robert Victor Ignico to be major, Air Corps (temporary major, Air Corps).
 Rutledge Maurice Lawson to be major, Infantry.
 Leland Ross Hewitt to be major, Air Corps (temporary major, Air Corps).
 Clifford Cameron Nutt to be major, Air Corps (temporary major, Air Corps).
 Will Vermilya Parker to be major, Signal Corps.
 Harry George Rennagel to be major, Infantry.
 Harry Samuel Fuller to be major, Quartermaster Corps.
 Isaiah Davies to be major, Air Corps (temporary major, Air Corps).
 Arthur William Vanaman to be major, Air Corps (temporary major, Air Corps).
 Franklin Otis Carroll to be major, Air Corps (temporary major, Air Corps).
 Frederick William Evans to be major, Air Corps (temporary major, Air Corps).
 Oliver Edward Cound to be major, Quartermaster Corps.
 David Nathaniel Hauseman to be major, Ordnance Department.
 George Lincoln Townsend to be major, Signal Corps.
 Edwin Yancey Argo to be major, Field Artillery.
 Harry Gage Montgomery to be major, Air Corps (temporary major, Air Corps).
 Fred Cyrus Nelson to be major, Air Corps (temporary major, Air Corps).
 Edward Moses Morris to be major, Air Corps (temporary major, Air Corps).
 Everett Foster Rea to be major, Finance Department.
 James Elmer Boush to be major, Quartermaster Corps.
 Hugh Albert Bivins to be major, Air Corps (temporary major, Air Corps).
 Maybin Homes Wilson to be major, Corps of Engineers.
 Burton Frederick Lewis to be major, Air Corps (temporary major, Air Corps).
 Elmer John Bowling to be major, Air Corps (temporary major, Air Corps).
 Orin Jay Bushey to be major, Air Corps (temporary major, Air Corps).
 Fred Sidney Borum to be major, Air Corps (temporary major, Air Corps).
 Lawrence Carmel Jaynes to be major, Infantry.
 George Washington Polk, Jr., to be major, Air Corps (temporary major, Air Corps).
 Christopher William Ford to be major, Air Corps (temporary major, Air Corps).
 Devereux Maitland Myers to be major, Air Corps (temporary major, Air Corps).
 Alfred Warrington Marriner to be major, Air Corps (temporary major, Air Corps).
 Guy Harrison Gale to be major, Air Corps (temporary major, Air Corps).
 Muir Stephen Fairchild to be major, Air Corps (temporary major, Air Corps).
 James Gradon Taylor to be major, Air Corps (temporary major, Air Corps).
 Leland Wilbur Miller to be major, Air Corps (temporary major, Air Corps).
 Edward Bates Blanchard to be major, Chemical Warfare Service.
 Raphael Baez, Jr., to be major, Air Corps (temporary major, Air Corps).
 Don Lee Hutchins to be major, Air Corps (temporary major, Air Corps).
 Clarence Herbert Welch to be major, Air Corps (temporary major, Air Corps).

Ennis Clement Whitehead to be major, Air Corps (temporary major, Air Corps).
 Joseph Lawrence Erickson to be major, Quartermaster Corps.
 Alfred Jefferson Lyon to be major, Air Corps (temporary major, Air Corps).
 Harold Lyman Clark to be major, Air Corps (temporary major, Air Corps).
 Sam Love Ellis to be major, Air Corps (temporary major, Air Corps).
 George Godfrey Lundberg to be major, Air Corps (temporary major, Air Corps).
 Eugene Lowry Eubank to be major, Air Corps (temporary major, Air Corps).
 Floyd Lavinus Parks to be major, Infantry.
 Lawrence Augustus Lawson to be major, Air Corps (temporary major, Air Corps).
 Albert William Stevens to be major, Air Corps (temporary major, Air Corps).
 Bayard Johnson to be major, Air Corps (temporary major, Air Corps).
 Frank Martyn Paul to be major, Air Corps (temporary major, Air Corps).
 Samuel Martin Connell to be major, Air Corps (temporary major, Air Corps).
 Charles Burton DeShields to be major, Air Corps (temporary major, Air Corps).
 John Edwin Upston to be major, Air Corps (temporary major, Air Corps).
 Reuben Curtis Moffat to be major, Air Corps (temporary major, Air Corps).
 William Henry Schnackenberg to be major, Quartermaster Corps.
 Paul Langdon Williams to be major, Air Corps (temporary major, Air Corps).
 Thomas Aloysius Hoy to be major, Infantry.
 Eugene Gordon Mathews to be major, Quartermaster Corps.
 Clarence Peyton Kane to be major, Air Corps (temporary major, Air Corps).
 Harry Weddington to be major, Air Corps (temporary major, Air Corps).
 William Alexander Marsh to be major, Infantry.
 Benjamin Franklin Vandervoort to be major, Quartermaster Corps.
 James Pearce Wharton to be major, Infantry.
 George Thomas Barnes to be major, Quartermaster Corps.
 Samuel Custer Eaton, Jr., to be major, Air Corps (temporary major, Air Corps).
 Hiram Wendell Tarkington to be major, Field Artillery.
 Marcellus Lowry Stockton, Jr., to be major, Cavalry.
 Edwin Stewart Brewster, Jr., to be major, Field Artillery.
 Wilbur Henry Vinson to be major, Infantry.
 Winfield Chapple Scott to be major, Cavalry.
 Leo Thomas McMahon to be major, Field Artillery.
 John Prosper Eckert to be major, Field Artillery.
 Phillip Bassett Shotwell to be major, Cavalry.
 Klie Doty to be major, Infantry.
 Ralph Eugene Ireland to be major, Cavalry.
 Bryan Llewellyn Davis to be major, Field Artillery.
 Mark Milton Potter to be major, Field Artillery.
 James Hodges Drake to be major, Infantry.
 Joseph Hemsley Stevenson to be major, Corps of Engineers.
 Leslie Shaw Williams to be major, Quartermaster Corps.
 Stephen Carson Whipple to be major, Corps of Engineers.
 William Taliaferro Fletcher to be major, Cavalry.
 Charles Albert Welcker to be major, Infantry.
 Millard Stowe Curtis to be major, Infantry.
 Arthur Clay Blain to be major, Infantry.
 Robert Lee Allen, Jr., to be major, Field Artillery.
 Joseph Edwin McGill to be major, Infantry.
 George Hely Molony to be major, Infantry.
 Harry Luther Coates to be major, Infantry.
 William Nelson Donovan to be first lieutenant, Medical Corps.

Leslie Woodworth Langs to be first lieutenant Medical Corps.

APPOINTMENTS IN THE REGULAR ARMY

George Catlett Marshall to be major general
Frank Maxwell Andrews to be brigadier general.

APPOINTMENT IN THE NATIONAL GUARD OF THE UNITED STATES

William Robert Dunlap to be brigadier general, National Guard of the United States.

PROMOTIONS IN THE NAVY

TO BE COMMANDERS

Frederick S. Conner	Julian B. Noble
Frederick A. Ruf	David S. Crawford
John M. Sheehan	John G. Crawford
Joseph B. Anderson	James G. Atkins

TO BE LIEUTENANT COMMANDERS

Marvin P. Kingsley	Joseph A. Callaghan
Paul C. Treadwell	Howard L. Collins
William G. Fisher	James S. Laidlaw
Daniel J. McCallum	Adrian M. Hurst
Steadman Teller	John W. C. Brand
Tillman T. Dantzler	William V. Davis, Jr.
Robert O. Minter	Marcel E. A. Gouin
Bertrand D. Quinn	John M. Kennaday
Stephen R. Bedford	Thomas H. Templeton
John D. Hayes	Edwin R. Wilkinson
Max Schreiner	William D. Brown
Harold P. Smith	Warren D. Wilkin
Austen V. Magly	Wayne N. Gamet
Thomas C. Ragan	Everett W. Abdill
Harold R. Demarest	Edward W. Young
Elton C. Parker	Thomas A. Turner, Jr.
James W. Smith	Robert C. Sutliff
Elmer E. Yeomans	Adolph H. Oswald
William G. Michelet	Frederick R. Furth
Wallace M. Beakley	Robert L. Swart
Joseph H. Garvin	Frank C. Layne
Norman W. Ellis	Eugene C. Burchett
James R. Pahl	George W. Stott
William J. Longfellow	George A. Sinclair
George W. Patterson, Jr.	

TO BE LIEUTENANTS (JUNIOR GRADE)

August F. Weinell	Dayton A. Seiler
Frederic A. Chenault	Albert B. Furer
Roy J. Krogh	William G. Holman
Jack R. Crutchfield	Henry C. Schwaner, Jr.
Robert E. Odening	Robert "W" McElrath
William B. Thomas	Charles I. Raymond, Jr.
Robert A. Thacher	Thomas B. Dabney
Millard J. Smith	Delmer F. Quackenbush, Jr.
Francis A. Greenup	Bruce R. Ware, 3d
John Baumeister, Jr.	Robert C. Morton
Allen R. Faust	Norman C. Gillette, Jr.
David R. Connoles	Paul H. Bjarnason
Walter F. Schlech, Jr.	

TO BE PAYMASTERS

Joseph E. Wolowsky
Francis M. Hook

TO BE CHAPLAIN

Reuben W. Shrum

TO BE NAVAL CONSTRUCTORS

Charles H. Cushman
George T. Paine
Antonio S. Pitre

TO BE ASSISTANT NAVAL CONSTRUCTOR

Walter A. Moore, Jr.

POSTMASTERS

LOUISIANA

Viola A. Caraway, Logansport.

OKLAHOMA

Fred L. Burrow, Gage.

HOUSE OF REPRESENTATIVES

TUESDAY, JULY 11, 1939

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

*The Lord is my shepherd; I shall not want.
He maketh me to lie down in green pastures: He leadeth me beside the still waters.*

He restoreth my soul: He leadeth me in the paths of righteousness for His name's sake.

Yea, though I walk through the valley of the shadow of death, I will fear no evil: for Thou art with me; Thy rod and Thy staff they comfort me.

Thou preparest a table before me in the presence of mine enemies: Thou anointest my head with oil; my cup runneth over.

Surely goodness and mercy shall follow me all the days of my life: and I will dwell in the house of the Lord forever.

Blessed Lord and Savior, with bereaved and saddened hearts again we tarry in the valley. The shadows hang heavy. A brother, neighbor, friend, and statesman has passed through the gates, and we shall greet him in the Chamber no more. The yoke is so heavy; dear Lord, line it with Thy comfort and with the inspiration of Thy promise: "I will go with Thee all the way." Bend low, heavenly Father, above the afflicted hearthstone and give heavenly peace.

Blessed are the dead who die in the Lord; henceforth they rest from their labors and their works do follow them.

In the name of our Blessed Master and Saviour. Amen and amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House, by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On June 20, 1939:

H. R. 2058. An act for the relief of Jessie Denning Van Eimeren, A. C. Van Eimeren, and Clara Adolph;

H. R. 2478. An act for the relief of the Wisconsin Milling Co. and Wisconsin Telephone Co.;

H. R. 2695. An act for the relief of Kenneth B. Clark;

H. R. 3077. An act for the relief of Adam Casper;

H. R. 5436. An act to authorize the grant of a sewer right-of-way and operation of sewage-treatment plant on the Fort Niagara Military Reservation, N. Y., by the village of Youngstown, N. Y.;

H. R. 3132. An act to authorize the disposal of cemetery lots;

H. R. 5933. An act for the relief of Frances Virginia McCloud;

H. R. 5934. An act for the relief of W. Elisabeth Beltz; and

H. R. 5935. An act for the relief of Charlotte J. Gilbert.

On June 21, 1939:

H. R. 2200. An act to dispense with particular allegations as to renunciation of allegiance in petitions for naturalization and in the oath of renunciation of foreign allegiance, by omitting the name of "the prince, potentate, state, or sovereignty" of which the petitioner for naturalization is a subject or citizen;

H. R. 2251. An act for the relief of Russell Anderegg, a minor, and George W. Anderegg;

H. R. 2583. An act for the relief of A. W. Evans;

H. R. 4745. An act relating to benefit assessments from condemnation proceedings for the opening, extension, widening, or straightening of alleys or minor streets;